

## Junta in El Salvador accuses right-wing leader of inciting coup

President José Napoleon Duarte of El Salvador has ordered the arrest of a former major in the national guard for making what he saw as a call for a coup d'état by right-wing military elements. This new threat to the country's centre-right junta seems likely to embarrass American efforts to win acceptance of their support for Señor Duarte.

## Embarrassment for US policy

From Michael Leapman  
San Salvador, March 4

A new threat to El Salvador's centre-right junta came yesterday from the extreme right and it seems likely to embarrass the United States Administration in its effort to win acceptance of their support for the regime here.

Señor Roberto d'Aubuisson, a former major in the National Guard and twice suspended of trying to engineer right-wing coups, held a melodramatic press conference calling for a seizure of power by army rightists and suggesting that such a coup might be imminent.

Without specifically claiming support for his attempt from the Reagan Administration, he said that he had held discussions with two members of it, naming Mr Roger Fontaine of the National Security Council and General David Gallo, who was in the transition team but who is not now in office.

But today Mr Frederick Chapin, the United States ambassador, said: "The United States Government supports President Duarte and his Government. We oppose a coup and anyone who seeks to change the Duarte Government."

Earlier today five shots were fired at the American embassy from a white open jeep, causing slight damage but no injuries. Mr Chapin said that "this incident has all the hallmarks of a d'Aubuisson operation—we have no intention of being intimidated."

He did not say why he thought the shots came from the rightists rather than the left, but observers recalled that a similar attack on the embassy from a similar vehicle was made when Señor d'Aubuisson tried to engineer a coup last year.

President José Napoleón Duarte angrily denounced Señor d'Aubuisson at a press conference today, saying he had ordered his arrest for what was "practically a call for a coup d'état". It is thought unlikely, however, that Señor d'Aubuisson is still in the country.

"The extreme right is always eager to coup," the President said. "They want to restore their privilege and are not concerned with the people, only their money."

"They try all the time and they will continue trying to coup d'état. But the Government



which would guarantee the true beginning of a "national struggle for recovery". Asked when this might take place, he replied: "March seems a good month."

This threat from the right comes just after a successful week, militarily, for the Government in their efforts to suppress the guerrillas of the left. Government troops took many of the positions the left had occupied during their failed "final offensive" in January.

The army claims to have killed hundreds of guerrillas in the operation but other evidence suggests that casualties were light and that the leftists made strategic withdrawals before the decisive attacks.

Reporters were taken to a former guerrilla base in a coffee plantation on top of the Cerro El Divino volcano overlooking La Unión in the south-east. It was said to have been occupied by 700 rebels and 150 casualties were claimed. The only body he saw during a four-hour climb to the camp was that of a dog.

At his press conference Señor Duarte made a gesture of reconciliation to the left by extending the amnesty for guerrillas for a further 30 days with a promise of more to come. The European representative of leftist guerrillas in El Salvador said today that Nicaragua's pledge not to allow arms for the rebels to cross its territory would not affect their supplies.

Mr Luis de Sebastian, the EEC representative of the Democratic Revolutionary Front (FDR) guerrillas, also said in Paris that the United States policies on El Salvador would not have a bearing on the outcome of the civil war.

"Harsh measures, backed by the United States, have been in place for over a year to stop our weapons supplies. We have found ways of circumventing them," he said.

America suspended aid to Nicaragua last month when it said it had information that Cuba was channelling arms to the El Salvador guerrillas through Nicaragua.

But in Managua, Señor Francisco Filio Navarro, the Foreign Minister, said today that he is seeking the Nicaraguan ambassador in Washington to check on reports of Nicaraguan arms to the United States.

He said it would try to halt the alleged arms shipments to El Salvador guerrillas. Reuters, AP, Reagan TV interview, page 7

## Front march stopped by Whitelaw order

By Lucy Hodges

Mr William Whitelaw, the Home Secretary, agreed last night to ban all political marches in London until the end of this month after a request yesterday from Scotland Yard.

The ban will cover Saturday's proposed National Front march past the house in Lewisham where 13 blacks died after a fire six weeks ago and a counter-demonstration planned by the Anti-Nazi League.

The ban, under the Public Order Act, 1936, comes into force at 6 am today and will last until midnight on March 31.

The Home Secretary's decision will be widely welcomed by people in Lewisham who were extremely angry that the Front proposed to march past the house, particularly in view of the black community's suspicions that the deaths were caused by a racist attack. The Front proposed to protest against those allegations.

On Monday the demonstration by thousands of blacks of the Front's march in London against the police handling of the case showed the strength of those feelings. There were outbreaks of violence and 23 arrests, and 17 policemen were injured.

The police were worried that there could be more racial violence this weekend if the marches were allowed.

At a lunch given by the Foreign Press Association yesterday, before it was known that the police would apply for a ban, Mr Whitelaw said he would not hesitate to ban the march if the police convinced him he should do so.

Mr Peter Neill, Deputy Assistant Commissioner of the Metropolitan Police, said yesterday: "Nobody in a sane state of mind would permit a march by a group of that philosophy at the rear of the house where the fire started."

Since 1936 the Public Order Act has been used only 12 times to ban a march. It was used in Sandwell, West Midlands, last August, after the National Front had applied to demonstrate.

Top-level decision: A high political decision that the police should not appear to be protecting the National Front is the key to the Government's ban (our Political Editor writes). That was learnt last night in authoritative quarters. The Government was relieved to receive the police's decision.

After Monday's march through London it wanted to send a signal of concern to the black community and to avert a situation in which, as protectors of public order, they would have been seen as protecting the National Front.



Mrs Thatcher standing silently as some of the demonstrators are escorted by police out of the church.

## Communists heckle Mrs Thatcher in church

By Michael Hatfield  
Political Reporter

Seven members of the Young Communist League yesterday disrupted a luncheon lecture by Mrs Margaret Thatcher at St Lawrence Jewry, near Guildhall, London, and were escorted from the church by police. The Prime Minister had just started her talk to about 500 people who packed the church when the league members began shouting slogans from seats behind Mrs Thatcher as she stood before the wrought-iron lectern.

Mr Frank Chalmers, aged 25, the league's national organizer, left his seat, mounted the pulpit and harangued the Prime Minister. "You are not a Christian, you are a murderer," he shouted. "We want jobs, not bombs. We want freedom in

El Salvador." Mrs Thatcher remained silent during the heckling but after the demonstrators were escorted from the church she told her audience: "You see why I fight these people."

Outside the church Mr Chalmers said the group was protesting against mass murders in El Salvador and the fact that the Government was making cuts in public expenditure but not in defence. The other demonstrators were Mr Martin Chater, son of the editor of the Morning Star, Miles Monica Kress, Mr John Bolger, Miss Jennifer Bolger, Mr Philip Dennison and Mr Terry Gallagher.

After the Vicar of St Lawrence, the Rev Basil Watson, had thanked the Prime Minister for giving the first of a series of luncheon talks by public figures, and had described the five-minute demonstration

as a "disgraceful" Mrs Thatcher replied: "I had felt constrained because I was in a church, otherwise I might have gone for them—what?—what?"

In her speech the Prime Minister said she suspected that only a minority in their lives. "Perhaps that is why we have turned to the state to do so many things which in the past were the prerogative of the family: why crimes of violence are increasing, and why few people are even suggesting that crime can be justified on the grounds that it is political, a view which must be abhorrent to Christians."

Mrs Thatcher described inflation as an "industrial evil" and confessed that "of all the difficulties I face, unemployment concerns me most of all."

Flights during the dispute will be cancelled or diverted to continental airports or to Ireland. Airports where there will be no air traffic control services on Monday are: Heathrow, Gatwick, Stansted, Manchester, Birmingham, Liverpool, Cardiff, Belfast, Edinburgh, Glasgow, Aberdeen, Prestwick, and the aviation authority's eight Scottish airfields.

Air traffic controllers, at smaller airports such as Luton, Newcastle, Southampton, Teesside, and East Midlands, are members of the National and Local Government Officers' Association (NALGO), which is not in dispute, but it is unlikely that those airports will be able to continue normal operations because aircraft must be supervised by the authority air traffic control services after they leave the control authority of the airport controllers.

Mr Douglas Bush, chairman of the air traffic control officers' branch of the Institution of Professional Civil Servants, said last night that there had been a very serious degree of support for the strike from controllers throughout the country. He thought it highly unlikely that there would be any civil air transport movement in the United Kingdom.

Silent executives, page 2

## England cricket tour goes on

By Our Sports Staff

The England cricket tour of the West Indies will continue as arranged after the Cricket Council, meeting at Lord's yesterday, confirmed the decision of four Caribbean governments, which will allow Robin Jackman to play in the remaining matches. Jackman's sporting links with South Africa caused Guyana to expel him.

The representatives of Antigua, Barbados, Jamaica and Trinidad, together with Guyana, met at a holiday centre near Bridgetown to deliver their statement, which had been held up because of consultations with other Commonwealth countries and difficulties of communication with Jamaica.

The Foreign Office welcomed the news and a spokesman said that the Glenageary Agreement on sporting contacts with South Africa was likely to be the result of a national and international conference of communication with Jamaica.

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John Woodcock, page 21

## All passenger flights in Britain to be stopped by strike on Monday

By David Penson  
Labour Reporter

All important airports in the United Kingdom will be closed on Monday because of a one-day strike by civil servants. There will be no commercial flights in or out of the country for the first time since the last war.

The Civil Aviation Authority advised airlines and air traffic services in other countries yesterday to work on the understanding that there would be no air traffic over the United Kingdom for 24 hours from midnight on Sunday.

Air traffic controllers who have voted to support the national strike, called by unions representing 53,000 civil servants, have agreed to provide limited cover for aircraft in emergency and medical use.

Flights of light aircraft from small airports are unlikely to be affected, but it is possible that pilots will have to take off without waiting for clearance from the Meteorological Office, which is expected to join the strike, called in protest at a 7 per cent pay offer, and the Government's refusal to give them a 10 per cent increase.

The 1,500 air traffic controllers are members of the Institution of Professional Civil Servants, most of whom have voted to support the action. They are now directly involved by the negotiations on Civil Service pay, which have broken down, but are linked to general pay agreements and have submitted a claim for a 10 per cent increase. A 15 per cent demand submitted on behalf of all nine Civil Service unions.

The aviation authority said in a statement last night: "The authority deplores the action of civil servants, but the Civil Service, to which the authority does not belong, is not a part of the public sector."

Silent executives, page 2

## Labour MPs urged to oppose Trudeau move

By George Clark  
Political Correspondent

In a confidential document circulated to Labour MPs by the party's international department it is recommended that they should vote against the proposals of Mr Pierre Trudeau, the Canadian Prime Minister, for Canada's revised constitution if they come to London in their present form.

This is the first indication of the official Opposition attitude to the request which is expected from Ottawa towards the end of this month.

If Labour MPs join the large number of Conservative MPs who are opposed to the measure so long as there is no agreement between the provincial and federal governments in Canada, Mr Trudeau's initiative will be blocked by the Commons.

It will certainly run into severe difficulties if it gets to the Lords, where a number of peers are prepared to introduce amendments on behalf of the provincial governments in the event of Mr Trudeau persisting in unilateral action.

Yesterday members of both Houses were angry about the Government's reported intention to bring the Trudeau scheme before Parliament in a form that will not be amendable in the long title and preamble of the Bill will be so worded that MPs will have only the choice of voting for or against the complete constitutional package.

The Labour document states: "In the near future, the Government is likely to accede to the request of Mr Trudeau to 'patronise' the powers still retained by Westminster over Canada's constitution. At first glance, the Labour Party might consider such a request to be perfectly reasonable, given the strength of the anti-unionist tradition within the party."

"Indeed, the position which the party might choose to take on the issue would be quite different if the nature of the request itself were modified. For, not only is Pierre Trudeau asking for the right to amend Canada's constitution in Canada, he is also demanding that our Parliament in Westminster should ratify a new Bill of Rights which he has attached to

his request and pass judgment on the distribution of the wealth retrieved from his country's vast reserves of natural and mineral resources."

Far from being a simple request, the document states, the proposed move is "a shrewd political manoeuvre aimed at reinforcing federal authority at the expense of the provinces."

MPs in London had to take cognizance of the federal nature of Canada's constitution. "Consequently, a unilateral proposal which emanates from the Federal Government alone, and which is opposed by majority of provinces must be looked at in some detail or refused until a consensus can be reached."

The Westminster Parliament must accept that it was placed in the pivot of the conflict between federal and provincial interests.

The nine-page document outlines the background and describes the political forces at work in Ottawa. Referring to the support given by the Trudeau proposals at the federal level by the National Democratic Party (NDP), and also to the objections made by Mr Allan Blakeney and his NDP provincial government in Saskatchewan, the statement claims that the NDP is divided about 50-50 on the issue.

"There is some resentment of the Trudeau-Broadbent agreement which appears to have been decided unilaterally by Ed Broadbent (leader of the NDP) and the federal parliamentary caucus," it states.

"The unions which support the NDP are generally hostile to the federal government's proposals, and most of the local and provincial leadership of the party are deeply suspicious and sometimes, as in the case of Quebec, openly hostile."

There had been some suggestions that the leadership of the party would renounce on the agreement with Mr Trudeau because of rank-and-file pressure.

Under the heading: "Conclusion", the document states: "Because the present Canadian Government proposals go far beyond the merger request to patriate the constitution, this paper argues that the Labour Party should oppose such a move at this time."

Letters, page 17

## BL to cut back 24,000 more jobs in two years

BL will cut a further 24,000 jobs in the next two years to put the company back on the road to recovery, according to Sir Michael Edwards, the chairman. His remarks to a Commons Select Committee are certain to provoke widespread opposition among trade union leaders, particularly since a further 59,000 in state aid has just been promised. The car company is expected to show losses of £400m for 1980.

## 'Observer' deal change

An alteration of the deal in which Lorch has agreed to buy The Observer from Atlantic Richfield (Arco) is intended to avoid an extended review by the monopolies commission, Mr Robert Anderson, Arco chairman, said. Instead of receiving a 40 per cent stake in George Outram, Arco will now take 20 per cent and Esm in cash.

## Producer defies Equity

Mr Stephen Kendall-Lane, producer of the London variety show, *That's Showbiz*, decided to defy an order by the London Theatre Council to halt Sunday performances, bringing him into conflict with Equity, the actors' union. The council acts as an arbitration body between Equity and the Society of West End Theatre. Union disciplinary action against the show's cast is expected.

## 500m to watch wedding

About 500 million people are expected to watch BBC television's coverage of the marriage of the Prince of Wales to St Paul's Cathedral on July 29. The operation is estimated to cost £150,000 involving 12 mobile control rooms, 60 cameras and 300 people. Mr Cliff Morgan, head of outside broadcasts, said it would be the most spectacular event since the 1937 coronation of George VI.

## Leader page, 17

Letters: On Canada's Constitution. From: Lord Alton of Liverpool. On: The Jordanian option. From: The Ambassador of Jordan. Leading articles: Energy prices; the Auditor General; Argentina. Features, pages 8, 16. Michael Binyon reviews the party congress in Moscow; Bernard Levin on immortality; The Times Cook.

## Arts, page 18

Joan Goodman meets Michael Aged, director of *Cool Minor's*. Home News: 2-4. Books: 23-25. Features: 8, 16. Business News: 6. Court: 22. Letters: 17, 24. Science: 16. Obituary: 18.

## Turkish diplomat shot dead in Paris

A Turkish diplomat was killed and another seriously injured by gunmen in Paris. An anonymous caller later told the French news agency that the attack was the work of the Armenian Secret Army. The dead man, Mr Resat Morali, the Assistant Labour Attaché, is the third Turkish diplomat to be assassinated in the French capital in the past five years. Page 6

## Spending scrutiny plea

The Committee of Public Accounts, Parliament's watchdog on government spending, wants sweeping new powers to promote closer scrutiny in the disbursement and effectiveness of government funds. Its recommendations, which come after a lengthy investigation, include the creation of a national audit office and the widening of the range of organizations subject to audit. Page 3

## Liverpool, Ipswich win

British clubs had mixed fortunes in European competitions. In the European Cup, Liverpool beat CSKA-Sofia 3-1 but West Ham lost their European Cup Winners' Cup tie 4-1 to Dynamo Tbilisi. In the same competition Newport County drew 2-2 in East Germany against Carl Zeiss Jena. Ipswich beat St Etienne 4-1 in the UEFA Cup. Page 20

## MPs vote on 'college'

Labour MPs approved by 144-24 a motion put by Mr Michael Foot on behalf of the Shadow Cabinet regarding their right to the fullest say in choosing the party leader. They were renewing their claim, repeated at Wembley, to at least half the electoral college votes. Page 2

## Madrid: Coalition seen as the best chance of saving democracy in Spain

6 Hongkong: A Special Report highlighting the increasing links between the British colony and China. 11-15

## Classified advertisements: Personal, page 24

22. La Estrella de la Coruña: Recruitment opportunities. 30. Other advertisements, 24

## bridge University captain and secretary fined; ice skating; Miss Cottrell confirms reputation. Business News, pages 22-26

Stock markets: Leading equities gained, the sector. City reported a quiet day with gold closing 1/2 higher. The FT Index closed at 500, a rise of 3.8 points. Financial Editor: 'Coca Cola's' rich seam. Business features: Peter Hill on industry's energy costs; Mervyn Woodcock discusses the effects of de-inflation; recruitment policy; Ross Davies's Business Diary.

## Home News: 2-4. Books: 23-25. Features: 8, 16. Business News: 6. Court: 22. Letters: 17, 24. Science: 16. Obituary: 18.

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## PERSONAL COLUMNS

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### ANNOUNCEMENTS

#### THE RED CROSS IS CARE IN ACTION

Red Cross volunteers are working every day for the welfare of the people in need. They are providing food, clothing, shelter, and medical care to those who are suffering from poverty, illness, and disaster. The Red Cross is a voluntary organization that is dedicated to helping people in need. It is a organization that is made up of people who are caring and compassionate. The Red Cross is a organization that is making a difference in the lives of people who are in need.

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## HOME NEWS

## Big changes proposed in scrutiny of public funds

By Peter Hill  
Industrial Editor

Sweeping new powers aimed at promoting much closer scrutiny of government spending are advocated by the Committee of Public Accounts, Parliament's watchdog on government spending.

The committee proposes the most fundamental changes in the framework and nature of public audit since the office of Comptroller and Auditor General was established in 1866.

Key recommendations made by the committee in its report, published yesterday after a long and detailed investigation, include the creation of a national audit office to carry out the functions of the comptroller and his department and a considerable extension of the range of organizations subject to audit.

New audit laws are required urgently, the committee says, as the existing legislation is out of date. There is a need to make statutory provision for a framework of public audit to ensure accountability to Parliament for the wider range of public expenditure.

The committee says that Ministers often do not have the information they reasonably need to control their expenditure. That means that the cost effectiveness of public spending is often insufficiently tested.

In many cases it is not possible to assess accurately what a policy change would cost and there is no clear way of establishing the cost or value of resources being continuously employed in official programmes.

A year ago the Government introduced a Green Paper, which the committee criticized for failing to tackle the fundamental questions about the need for satisfactory accountability to Parliament of public spending.

Among its recommendations the committee suggests that the proposed national audit office should be responsible for the external audit of all government accounts and that of local and health authorities.

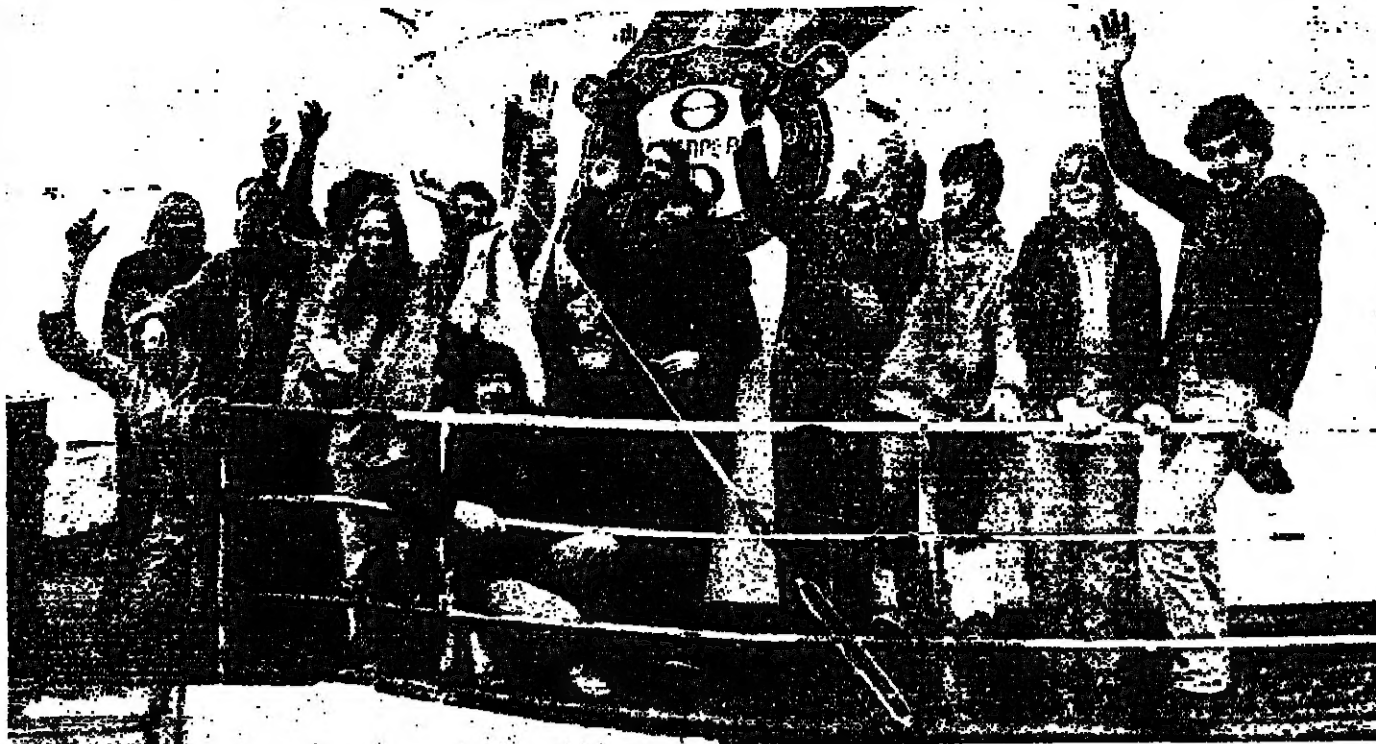
It should also be charged with advising Parliament on the efficiency with which public money is invested in non-departmental bodies, in nationalized industries and in privately owned companies.

That would require full access to the books and records of all the organizations involved, including the National Enterprise Board and the British National Oil Corporation. The office would draw its initial staff of 1,200 from the Exchequer and Audit Department and the district audit service.

The committee is not persuaded that the "susceptibility of the possible commercial partners to wholly unsubstantiated or unsubstantiated fears should be regarded as a reason to deny the comptroller access to the books of the nationalized industries. It is confident that he would exercise his rights of access with discretion.

**Committee of Public Accounts: The Role of the Comptroller and Auditor General, vol. 1, House of Commons paper 115-1 (Stationery Office, £4.20).**

Leading article, page 17



Greenpeace mission: The crew of the Rainbow Warrior, who are ready to set sail from Southampton today in an attempt to prevent the killing next week of 15,000 pups of the hooded seal off Newfoundland (Pearce Wright writes).

The ship, owned by Greenpeace, the environmental organization, has been strengthened with steel plates so that it can manoeuvre through ice. The journey to the north-west Atlantic is the most hazardous of the 14 campaigns which Rainbow Warrior has carried out. The area is one in which the Canadian authorities have been criticized for not stopping commercial seal hunting.

Photograph by David Jones

## Political bias by school staff denied by authority

From Ronald Faux  
Glasgow

The tirade against Mrs Margaret Thatcher contained in essays by pupils of Possilpark secondary school, Glasgow, was not evidence of political indoctrination by school staff, the Educational Institute of Scotland said yesterday.

The teacher who sent the essays to the Socialist Worker was not at the school yesterday. He has been severely disciplined by Strathclyde Regional Council for acting in an unprofessional manner.

Mr John Pollock, general secretary of the institute, Scotland's largest teachers' union, said it had not disagreed with the decision to discipline the teacher.

The institute, of which the teacher was a member, agreed it had been wrong to release the essays to the press without consulting the school or the parents of the children. It was also concerned about the nature of the material in the essays.

On allegations by Mr Alan Stewart, Conservative MP for Renfrewshire, East, that the children who wrote the essays had been indoctrinated by teachers, Mr Pollock said: "There is no political indoctrination going on at the school. These views are likely to be the views of children and parents in the Possilpark area of Glasgow."

"The feeling there is very strong indeed about unemployment and the state of the country. I would not be at all surprised to find these phrases being used in Possilpark."

The accusation of indoctrination was also denied by Mr William Harley, chairman of Strathclyde council's education committee, and staff at the school.

## 500m likely to see royal marriage on TV

By a Staff Reporter

BBC coverage of the marriage of the Prince of Wales and Lady Diana Spencer on July 29 will be the most comprehensive outside broadcast operation the corporation has mounted. It is expected to cost £150,000 and attract a worldwide audience of 500 million.

Mr Cliff Morgan, Head of Outside Broadcasts, said yesterday that the wedding in St Paul's Cathedral would be the "biggest and most glamorous event" since the 1936 Coronation of George VI.

Plans announced yesterday envisage 12 mobile control rooms, 60 cameras, 12 of them inside the cathedral, and a supporting cast of 300.

The main commentary will be by Mr Tow Fleming, a veteran of many royal pageants, including Princess Anne's marriage in 1973 and the Silver Jubilee in 1977.

West Country visit: The Prince yesterday began a three-day working visit to his Duchy lands in the West Country (the Press Association reports).

Scots would have parolled both sides of the border for several hours, driving through the labyrinth of lanes in case the customs men were about.

They would have given the all-clear with a call to a telephone clock, or by flashing a torch, hanging a red blanket on a

## Profitable traffic in Ulster's terrorist country

## Cross-border cattle smugglers thrive on sterling's strength

From Christopher Thomas  
Armagh

The customs officer stood in a shallow crater blasted out by the Army many years ago and pondered the thick mud that oozed around his shoes. "New prints," he said, "not more than a day old."

Hoof marks were all around, deep and not yet filled by rain, and were made by perhaps twenty cattle. That meant the common agricultural policy had just been cheated of another £1,200 in one minor, successful smuggling operation across the Irish border.

The setting was in a narrow lane winding through the beautiful hills of south Armagh. The crater and a huge, rusting tank of concrete close to it were reminders that this was terrorist country, where scores of lanes and tracks are sealed at the border. That makes them conveniently quiet for smugglers.

The prints in the mud told their story. The cattle were unloaded from a lorry a few paces inside the Irish Republic, herded through the crater and around the big tank and into a lorry waiting on the other side, in Northern Ireland.

Scots would have parolled both sides of the border for several hours, driving through the labyrinth of lanes in case the customs men were about. They would have given the all-clear with a call to a telephone clock, or by flashing a torch, hanging a red blanket on a

washing line, sending a citizen's band radio message, or by using one of the various devices employed in an increasingly cunning game.

The stakes are high. At this week's prices, all cattle smuggled into Northern Ireland escape a levy of about £63 a head, depending on the weight of the animal, and about £8 for a pig.

Smuggling has been especially rife since last September because of the high value of sterling against the Irish pound. Since then 1,000 cattle valued at £300,000 in United Kingdom prices, have been seized by the Customs and Excise in Northern Ireland. Had they got through, the smugglers would have made about £70,000.

In bureaucratic parlance, "money compensatory amounts" should be paid on cattle and pigs when they move from south to north, to equalize the value of the green pound, the EEC's farming currency.

The odds are probably stacked in favour of the smugglers, but for those who are caught the penalty is high. They lose the animals, a lorry load of which might be worth £8,000, and the lorry.

The Customs and Excise sell them and often the failed smuggler buys back his own cows and lorry.

Cattle from the republic have a numbered metal tag in the left ear which reveals their origin, colour and sex. They

are tattooed as soon as they legally enter Northern Ireland and a new tag is expected to be attached to the right ear within a fortnight.

That helps Department of Agriculture staff to keep a check on incoming stock. But the tags are not difficult to acquire in a nation of farmers, and forging tattoos has not proved a stumbling block.

Once inside Northern Ireland the smuggler can sell the beasts at an excessive profit or take them back across the border, collecting his "money compensatory amount" as he goes.

Pigs are much easier to smuggle but the profits are smaller. The tag and tattoo system does not apply and the same load of pigs may be moved illegally over the border two or three times a day, collecting the compensatory amounts as they leave Ulster at different official crossing points.

A profit of more than £600 on an average lorry load of 30 pigs is possible in a day.

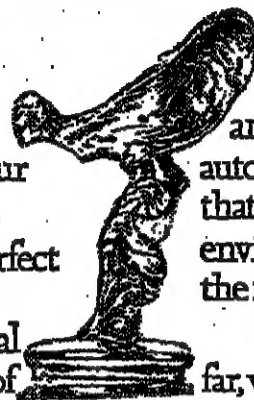
More stringent safeguards are constantly devised in an effort to thwart the smugglers, but the only truly effective deterrent is out of the control of the customs men and the Department of Agriculture. That is for the Irish pound and sterling to move closer together.

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## One in 12 of jobless may be cheating, report says

By Pat Healy

Social Services Correspondent

A government report claiming that social security fraud by the unemployed may be four times as high as previous estimates is to be published soon after the Budget.

It says that a team of officials found that fraudulent claims by the unemployed might be as high as 8 per cent, and that the Department of Health and Social Security should investigate.

That level of fraudulent claims would suggest that more than 68,000 unemployed people are cheating. The DSS, which is believed to have challenged parts of the report, said yesterday that it had no specific data on which to base a percentage figure for the extent of fraud.

The fraud figure is a by-product of a wider inquiry into the administration of benefits for the unemployed under the guidance of Sir Derek Rayner, the Prime Minister's adviser on waste in Whitehall.

The Civil Service unions declined to cooperate with the inquiry, which was widely be-

lieved to foreshadow an end to national insurance benefits for the unemployed.

The inquiry team, led by Department of Employment officials, visited a limited number of offices because of the hostility of the Civil Service unions. It is believed that their fraud figures are based on inquiries at only two benefit offices.

The Rayner inquiry is understood to have produced its 8 per cent figure on the proportion of unemployed people suspected to be drawing unemployment and supplementary benefit while working. That has been known for some time to be the biggest area of fraud, but one on which anti-fraud drives have concentrated in recent years.

The fraud involved is not working while drawing benefit, but not declaring earnings. Unemployed people are allowed to earn 75p a day before it affects their benefit.

That type of fraud, and cases where women drawing benefit are suspected of cohabiting with a man, are the two areas on which the Government's anti-fraud drive is concentrated.

## IQ test before dismissals is abandoned

From Tim Jones  
Cardiff

The management of the Revlon cosmetics factory at night dropped plans to give workers an intelligence test to determine who should be dismissed in company economies.

Union officials threatened to call the 800-strong workforce out on an indefinite strike if the test were made. They will agree to the loss of the 21 jobs in the credit control department only on a firm in, last out, basis.

co-convener of the General and Municipal Workers' Union at the plant, said the "stupid and ridiculous" scheme had been dreamed up by little emperors who believe people are born with a stamp on their foreheads determining their ability. The company refused to give details of the proposed intelligence test.

## Water charges inquiry 'failed to find waste'

The Government's inquiry into water charges had failed to find any waste but had led to financial manipulation which could involve greater cost in the future, Mr Eric Gilliland, president of the Chartered Institute of Public Finance and Accountancy, said yesterday.

Speaking in Birmingham, he criticized the inquiry ordered by Mr Michael Heseltine, Secretary of State for the Environment, after budgets for the water authorities showed increases ranging from 14 to 28 per cent.

As a result of the inquiry by independent accountants, the authorities have trimmed their budgets to reduce the average increase.

But Mr Gilliland, director of finance for the Thames Water Board, said the accountants had to justify their existence by producing suggestions to reduce the rate increases.



## HOME NEWS

## Three men cleared in Bristol riot trial

From Our Correspondent Bristol

Three of the 12 people accused of riotous assembly in St Paul's, Bristol, last April were found not guilty at Bristol Crown Court yesterday on the direction of Mr Justice Stocker. Sidney Clarke, aged 19, Raymond Jones, aged 25, and Nicholas Walker, aged 19, were discharged on the twenty-second day of the hearing after 14 hours of legal submissions by counsel for all the defendants.

The judge, directing the jury to acquit the men, said: "In the case of Jones, his name has not been mentioned in the prosecution evidence from beginning to end. The reasons for the other two are more technical."

The case continued against eight other men and a woman accused of riotous assembly. The woman is also accused of wounding. Police Constable Christopher Haycock. They have all pleaded not guilty.

More than seventy witnesses have said that a crowd of mainly black youngsters stoned the police, overturned police vehicles and fired and looted business premises after a drink and drugs raid on the Black and White Café, in Grosvenor Road, St Paul's.

Two of the accused elected to read prepared statements rather than give evidence. Paul Binns, aged 18, said he threw "quite a lot of stones" because everyone else was, and he did not want to be the odd one out. He said he also helped turn over a police transit van, but did not think it was a riot. Clinton Brown, aged 24, said in his statement that he never caused the police any trouble. The hearing continues today.

## Producer defies order to stop Sunday show and faces Equity action

By Martin Huckerby Theatre Reporter

Mr Stephen Kendall-Lane, the producer of the variety show, That's Showbiz, yesterday defied an arbitration judgment from the London Theatre Council that he should halt Sunday performances of the show, putting him in direct conflict with Equity, the actors' union.

He announced last night that he intends to continue the performances at the Phoenix Theatre, in London, although he realized that Equity would take disciplinary action against the cast. He said the performances were necessary to bring in the box office income necessary to sustain the show.

The Theatre Council, which acts as an arbitration body between Equity and the Society of West End Theatres, agreed yesterday that it would not deregister Kendall-Lane Productions as a producer if the Sunday performances were discontinued. But it said that Mr Kendall-Lane would not accept that condition and had thus designated a meaning that no Equity members should work for him.

Mr Kendall-Lane said after the council meeting that 32 Equity members in the show's cast had defied the union by performing last Sunday. "They will be disciplined now; it could result in their being blacked", he said.

But he hoped the cast would continue and that the public would support the show on Sunday. The cast was given Monday and Tuesday off in return for Sunday work but Equity has always opposed general Sunday opening for theatres.

Mr Peter Plouvier, the

union's general secretary, said there would be talks with the cast today. Performers had earlier been instructed not to work on Sunday.

Impressario to rescue: The open-air theatre in Regent's Park, London, which was in danger of closing after losing its grant from the Arts Council, has been saved for this season by a gift of £26,000 from Mr Peter Saunders, the impresario.

For 48 years the annual summer season staged in the park by the New Shakespeare Company has survived the vicissitudes of the English climate, low-flying jets and variable audiences, but Mr David Conville, the company's managing director, said yesterday that they could not have kept going without sponsorship.

He said the company was "absolutely thrilled" by the gift, and was grateful for such a generous offer.

Mr Saunders, who produces The Mousetrap and owns the Vaudeville Theatre, said he had been sad when the council stopped the £26,000 grant to the theatre.

It is a unique part of the

## Housing in crisis, 2: Manchester bears scars of spending freeze; Liverpool backs home-own

## Ban blamed for big loss of jobs and rents

By John Young

The big overspill town of Wythenshawe, on the southern edge of Manchester, is pleasant enough, having much of the atmosphere of a dormitory suburb with views of woods and distant moorland. It comes as a shock, therefore, to encounter three-storey blocks of flats in peaceful avenues with their windows smashed and entrances boarded up.

The reason is not hooliganism but the Government's action last autumn in freezing all further local authority housing spending. Manchester City Council, about to embark on a programme of modernizing pre-war "walk-ups", which are unpopular because of condensation from inadequate heating and because access is uncontrolled, was forced to abandon its plans and to leave the buildings empty.

Mr John Smith, chairman of the housing committee, admits, "We are constantly criticised in the local press because of the number of empty council flats. But the contractors insist on the blocks being emptied while modernization is carried out."

"Since the moratorium on spending began, we have not been able to let any new contractors, the contractors have had to lay people off, we have lost thousands of pounds in rents, and when work does start, it will cost more because of inflation. Where is the sense in it?"

The impact so far on new building projects has not been too serious, he says. In some cases, because of the slump in construction, contractors have been willing to start work and wait until April to be paid.

But, like most other local authorities, Manchester would have probably reduced its new building programme in any case and have spent proportionately more on rehabilitation.



An example of neglected repairs: Houses in Hawthorn Grove, Liverpool.

Whereas more than 55 per cent of all housing in Manchester is municipally owned, Liverpool, particularly in the last few years of Liberal/Conservative control, has placed the emphasis on home ownership. It was one of the first authorities to encourage low-cost buildings for sale on council land.

Indeed, Mr Richard Kemp, the youthful Liberal chairman of the housing committee, claims that most of this Government's schemes for encouraging ownership were borrowed from his party. "They should have been introduced 20 years ago, but ironically it was the Tories who insisted on continuing to build huge council estates. Ideally,

associations have been equally active. "Liverpool has the most successful programme of housing action areas and general improvement areas. But it has intended a 'bill' operation on its 4,000 empty properties and improvements to large estates, such as at Netherley and Belle Vue, which have been seriously damaged. The whole program is now in jeopardy."

Next: Renewal

## New body to aid London travel

By Michael Bailey Transport Correspondent

A joint "think tank" is being set up by British Rail and London Transport to coordinate public transport fares and services throughout the London area.

It is headed by the two chairmen, Sir Peter Parker, of British Rail, and Sir Peter Massfield, of London Transport. Other members include Mr Geoffrey Myers, British Rail Board member for marketing, and Mr David Cobbett, strategic planner, and Dr Tony Ridley and Dr David Quarumby, respectively managing directors for rail and bus at London Transport.

A prime aim is joint ticketing

to facilitate through journeys by travellers, for example from Newcastle to Elephant and Castle, in London, with both systems covered by a single ticket purchased from either source. This practice is common in large European cities, but only partially available in London.

Closer coordination of fares and services, which vary widely even over the same route, is another target, and rationalization to cut out duplication and give an improved service at lower cost.

Better interchange between bus, underground and surface rail is also to be sought, for example by the installation of moving walkways between

places like Euston and Euston Square, and Fenchurch Street and Tower Hill.

Coordination of this kind was long seen as desirable but has been frustrated by the conflicting interests and loyalties of the two bodies, reinforced by their loyalty to different masters, the Department of Transport in the case of British Rail and the Greater London Council for London Transport.

At present central and local government are both conservative-controlled but that will change in May if Labour wins power at County Hall on a platform of lower fares and higher subsidies, conflicting with national policies of financial stringency.

## Convention 'does not give right to ignore union'

By Marcel Berlins

The right to join a trade union laid down in the European Convention on Human Rights did not imply that there was a right not to join a union, Sir Ian Percival, QC, the Solicitor General, argued before the European Court of Human Rights in Strasbourg yesterday.

He was contending on behalf of the United Kingdom Government that the dismissal by British Rail in 1976 of three railwaymen who refused to join a union after a closed shop agreement did not contravene the convention.

"Of course, what happened to these men was disgraceful and we have always said so", Sir Ian said. "Of course, there was a violation of human rights in the general sense of those words."

That did not amount, however, to a violation of any right in the convention, he went on. The "heart and soul" of the matter was the interpretation of article 11 of the convention, which protected the right to "freedom of association with others, including the right to form and to join trade unions."

"There is no way it can be spelled out in the words used in the convention that there is a right not to be compelled to join a union."

Sir Ian pointed out that the introduced Employment Act 1980, because it had always strongly opposed the fact that the previous law passed by the Labour government gave dismissed employees no remedy if they refused to join a union for other than religious reasons.

## Recession cuts number of blood donors

By Nicholas Timmins

The economic recession has affected Britain's blood transfusion service. Two regions are running intensive recruiting campaigns for donors, and others are having to reorganize their schedules.

Factory closures, short-time working and redundancies have reduced the number of donors giving blood at work, while hospitals' demand for blood is increasing.

In Manchester a campaign to recruit 20,000 new donors starts this week and in London a campaign spread over five months has been organized to maintain the number of donors.

London's difficulties, which were fairly acute late last year, have been eased by radio and poster advertising.

## Nalco ends Lambeth house sales action

By Christopher Warman Local Government Correspondent

Union action to prevent the sale of council houses to tenants in the London Borough of Lambeth was called off last night after Mr John Stanley, Minister for Housing and Construction, had told the Commons that it represented "the most serious abuse" of the law.

Members of the National and Local Government Officers Association had for five months withheld mail containing applications from tenants to buy their homes. The union refused to handle the mail until more staff were taken on to carry out the extra work.

The decision to call off the action was recommended by the union's national emergency committee. Mr Brian Martin, branch assistant secretary, said that all correspondence about house sales, believed to be 300 to 400 letters, would be forwarded with the next few days.

He added that industrial action would continue in other ways. The council has started an inquiry into the matter, directed by Mr Frank Dixon Ward, the chief executive.

In the Commons Mr Stanley said that Lambeth was one of 15 local authorities being investigated because of their slow progress in implementing legis-

lation contained in the Housing Act.

The others are Bolsover, Bristol, Doncaster, Great Yarmouth, Hull, Leeds, Manchester, Sheffield, Sunderland, Stoke-on-Trent, Wolverhampton, Barking and Dagenham, Camden, Greenwich, and Newham.

The Department of the Environment had received about 2,000 letters from tenants complaining about delay, Mr Stanley said. Each complaint was being pursued by the department.

Mr Knight's proposal: Mr Ted Knight, leader of Lambeth borough council, who has in the past refused to contemplate reductions in services, has now proposed a reduction of up to 10 per cent. If approved, that could mean a rate increase of 37.5 per cent instead of 57.9 per cent.

In a letter to members of the Labour majority Mr Knight says that the increase of 57.9 per cent, which would be produced if the present spending programme was maintained, would be "unacceptable to Labour voters and would continue the opposition generated by the supplementary rate."

By reducing spending, Mr Knight believes, services can still be protected and redundancies can be avoided.

Parliamentary report, page 9

Rates injustice, page 16

## In brief

## Farmers predict beef shortage

Farmers gave a warning yesterday of a beef shortage after a government census had shown a reduction in the number of cattle in Britain.

The National Farmers' Union said: "The recent long period of depressed producer returns will lead to future supply shortages. Beef cow numbers are 430,000 below their 1975 peak, and dairy cow numbers have fallen by nearly 100,000 over the past two years."

## More steam services

British Rail is to run more steam trains between York and Scarborough this summer after last year's financial success. Eight restored locomotives will be used on the 84-mile round trip, including the Flying Scotsman and the streamlined Sir Nigel Gresley.

## Archie Gemmill fined

Archie Gemmill, aged 33, the Scottish football captain, who plays for Birmingham City, was fined £60 yesterday at Dumfries Sheriff Court after admitting driving on the A74 in Dumfriesshire last October at speeds of between 94 and 96 mph.

## Petrol strike to end

The petrol shortage in the Republic of Ireland is expected to be relieved this weekend after the executive of the tanker drivers' union agreed yesterday to recommend acceptance of a £23-a-week rise.

## Beatles decline

None of the three members of the former Beatles group will attend the religious service at Liverpool Cathedral dedicated to the memory of John Lennon, the former Beatle, who was shot dead in New York.

## £100m drugs wasted

Drugs costing the National Health Service £100m a year are thrown away unused, Dr Vaughan Winiger for Health, told pharmacists in London last night.

## Soho rates advice

The Soho Society, in London, has advised residents and traders to apply for rate reductions on the ground that the value of their properties has declined because of the proliferation of sex shops.

## Jessie Matthews ill

Miss Jessie Matthews, aged 74, the actress, is being treated at St Vincent's Orthopaedic Hospital, Harrow, north London, for a trapped nerve in her neck.

## Health planning jobs for wartime opposed

By Annabel Ferriman

War planning officers are being appointed by the health service to draw up contingency plans in case of nuclear attack. A total of £400,000 is being given to regional health authorities for war planning purposes. The grants, of £28,500 each, are to run from April 1. The Department of Health and Social Security is distributing them but they are coming out of the Home Office budget.

The north western authority, the first to seek a war planning adviser, has just advertised in the British Medical Journal offering a salary of between £12,000 and £20,000.

Instructions to regional health authorities were first sent out in 1977 in a circular entitled Organisation of the Health Service for War. Its message was reinforced by the Home Secretary's statement last August that the Government was increasing its commitment to home defence.

Implementation of the circular is being opposed by writers of the 200 community health councils, watchdogs of the health service.

The Southmead council, Bristol, has passed a resolution saying that the regional area health authorities should not put any time or money in planning for war.

Mr James James, a member of the Southmead Council Health Council and of Avon County Council, who proposed the resolution, said yesterday that it was impossible to plan for nuclear war.

He said doctors in the supported him and felt instructions in the circular saying that in the crisis period up to war all patients should be discharged if hospital, went against Hippocratic oath.

"All these plans are pretence to the population: there is a defence against nuclear war."

But the decision to appoint a war planning adviser in years would be its last use. Local authorities in the M. Chester area have a change heart about the amount money they are prepared provide.

Sir John Tooley, General Director of the Royal Opera House, said yesterday that a decision of Greater Manchester Council's recreation arts committee to make a grant of only £5,000 towards the company's three-week season at the Palace Theatre, Manchester, in May.

Sir John said the company had been hoping to receive grant of about £100,000 from the Greater Manchester authority and the Manchester Council. So far the city council has not decided on a figure for its share of subsidy, but earlier this week Greater Manchester voted to give £5,000.

Even though the season likely to be fully booked it will probably show a loss of about £160,000, Sir John said.

## Lack of work led school-leaver to commit suicide

From Our Correspondent Preston

Michael Garrety, aged 17, killed himself by jumping from a railway bridge because he was jobless, an inquest was told yesterday.

He was killed as he touched an overhead cable, but a pathologist said his injuries would also have killed him.

The hearing at Preston was told that the boy, who lived with his parents at Penwortham, Preston, left school at 16. Three months later he became an engineering apprentice but was made redundant after six months.

Mr William Garrety, his father, said the difficulty of getting another job was very upsetting to his son, who was trying a government welding course but did not think it would lead to a job.

A verdict of suicide was returned. The coroner, Mr Howard McCann, said: "He was a conscientious young man who had perhaps become the victim of the economic climate."



Chessington Zoo hopes that these ostriches from Zimbabwe will mate, but their sex will not be known until adult plumage grows.

## 120 MPs join campaign for Bill of Rights

By Frances Gibb

About 120 MPs have joined a campaign to press the Government for a Commons debate on a private member's Bill proposed by Lord Wade for a Bill of Rights, due to come before the House tomorrow.

Despite four attempts by Lord Wade to steer his controversial Bill through Parliament, two of which succeeded in the Lords, it has never been debated in the Commons.

Mr Alan Beith, MP for Berwick-upon-Tweed, the Liberal's Chief Whip, is leading a campaign for sufficient support to ensure that the Government does not "object" to the Bill's second reading.

He has tabled an early day motion calling for a debate on the Bill, which has attracted 119 signatures, including Liberals, members of the new Council for Social Democracy and many Conservatives.

Mr Beith said yesterday: "It is outrageous that this Bill on a matter of major importance has gone through the Lords twice, commanding the support of many eminent peers and lawyers, and yet has not even been debated."

Mrs Margaret Thatcher had promised all-party talks on the issue before a debate but they had failed to take place, he said. "Many members of the Government have in the past

talked about the need to safeguard the individual's rights, but all that now seems to be forgotten."

Although no Labour MPs have so far signed the early day motion, there is support within the party.

The Bill would make the European Convention on Human Rights enforceable in British courts. At present, although Britain is a signatory to the convention and in January renewed the right of individuals to petition the European Commission of Human Rights, its articles are not part of British law.

Mr Beith said the Bill was important to safeguard rights in Britain.

## Inquiry demand after security services error

By Our Political Staff

A full Home Office inquiry and a report to Parliament on the case of Mrs Jan Martin, about whom the security services passed false information to a private employer, were demanded last night by Mr James Wellbeloved, Labour MP for Bexley, Erith and Crayford.

Writing to Mr William Whitelaw, the Home Secretary, he said an apology by Scotland Yard was not enough.

The country was entitled to an assurance that the security services and police had a system "in efficient hands".

Mr Jeffreys alleged that Mr Campbell was the chief organizer of the plan and that with his lieutenant, Mr Glenholmes, he made trips to Ireland to recruit Robert Storey and the fourth man.

Mr Campbell, aged 39, and the other accused all deny conspiring between March 25 and December 13, 1979.

The others are: Mr Campbell, aged 38, of Holland Park, west London; Mrs Farrar, aged 34, of Southgate, north London; Jacqueline O'Malley, aged 31, of Notting Hill, west London; Mr Glenholmes, aged 47, of Holland Park; Christine Keenan, aged 44, of Northern Ireland; and Mr Storey, aged 24, of Holland Park.

Mr Campbell, Mr Glenholmes and Mr Storey also deny three charges of possessing firearms.

The hearing continues today.

## 'Moral mandate' to help the disabled

By Our Political Correspondent

Mr Dafydd Wigley, Plaid Cymru MP for Caernarvon, said yesterday that he had a "moral mandate" for his Disabled Persons Bill, which seeks to make further provision for access to public buildings for disabled people.

More than half of the 635 MPs have signed the all-party motion calling for legislative action. But his Bill has been blocked during the past three weeks on days allocated to private members' Bills by MPs who have shouted "Object" when there has been a chance for it to go through "on the nod".

A delegation from the all-party disablement group, including Mr Jack Ashley (Lab, Stoke-

on-Trent, South) and Mr John Hannam (Con, Exeter), joint chairmen, went with Mr Wigley to see Mr Hugh Ross, Minister of State for Health and Social Security, who has responsibility for the disabled, and Mr Giles Shaw, Deputy Secretary of State in the Department of the Environment, to clear up ambiguities on the effect the Bill would have on planning laws.

"There are still some drafting problems to be overcome and I have some worries about the timetable for the Bill," Mr Wigley said yesterday, "but otherwise it appears that there is every prospect of making progress, albeit with a rather more limited Bill."

Unclaimed benefits: Thousands

of pounds in state benefits left unclaimed by disabled people who are unaware of their entitlements under the law, according to a report published yesterday by the National Association of Citizens Advice Bureaux (a Staff Reporter writes).

A survey conducted by the Chappelltown bureau has shown that the total of unclaimed benefits among 38 households picked at random, was £9,000 a year.

One of the biggest categories of unclaimed benefit, some 36 per cent of the sample, was attendance allowance, the benefit for disabled people. Disability Project Report (NACAB, 110 Drury Lane, London WC2).





**I**N the picture above you see what used to be the Troxy Cinema. It is now the London Opera Centre. Situated far down the Commercial Road, it isn't really central to anything. Yet for the past 16 years this is where Covent Garden operas have been rehearsed, a good hour's journey from the Royal Opera House itself.

The Royal Ballet fares no better. It rehearses in Hammersmith, several miles in the other direction.

The massive sets in which the artists appear can be found, if you know where to look, stacked in more than a dozen warehouses all over London and as far away as Maidstone in Kent.

It all points, obviously, to lack of space. There is no room backstage at the Royal Opera House, Covent Garden. There is no room to rehearse, no room to make up, to wash or to change, no room to eat, to relax, to store the hundreds of costumes. There is no room to change scenes.

#### THE BACKSTAGE DRAMA.

Every measurement comparing Covent Garden's backstage facilities with those of other major opera houses in Europe and the USA shows our own to be unbelievably impractical.

With a performing stage hardly smaller than that of the Metropolitan Opera House in New York, Covent Garden has less than one-third of the Met's dressing-room and rehearsal space.

The Met has 17,500 square feet of rear and side stage in which to manipulate vast operatic sets during performances and between productions. Our Royal Opera House has no rear stage and no side stage at all.

Conditions which a Parliamentary sub-committee described as "appalling" over 10 years ago have to be enormously improved if the Royal Opera House is to carry on functioning. These improvements entail an initial development plan that will cost at least £9 million.

The Royal Opera House Development Appeal, launched early in 1979, has already raised considerable sums from HM Govern-

## The Royal Opera House, Covent Garden, urgently needs funds for modernisation.

ment, the Greater London Council and private sources. These last have ranged from the pocket-money of young ballet and opera lovers to the thousands contributed by trusts and private companies, including 20 German firms operating in Britain.

The total needed was £78-million. Incredibly this was reached by November 1980. But, because of inflation, every month's delay has added £60,000 to the original building costs.

Phase One of the development, for which the balance of £850,000 is so desperately needed, will provide behind the existing Opera House a building almost as large again to accommodate opera and ballet studios, a chorus rehearsal room, dressing-rooms, an opera wardrobe, offices, improved wardrobe maintenance, general storage facilities and a stage-door complex. A later phase, for which further funds will be needed, will at last provide side and rear stage facilities and includes the reconstruction of about half the adjacent Floral Hall.

#### BRING YOUR OWN CARPETS.

Nothing has yet been said about working conditions during performances. Prima ballerinas and prima donnas (one of whom gamely brings her own carpets and curtains) are provided with embarrassingly mean dressing rooms that would disgrace the sleaziest of hotels, with the nearest shower and lavatory two flights of stairs away.

Inevitably the chorus comes off even worse. For a really large production as many as 100 members of the male chorus have to share a washroom with only four showers and 13 hand basins discharging into an open drain.

And so it goes on. And so, miraculously, do magnificent productions. Night after night out of the backstage chaos comes - sometimes with tellingly long pauses between scenes - the illusion that all is well at the Royal Opera House, Covent Garden. The audience, at least, may count itself blessed. E. M. Barry's superb auditorium defines for many people throughout the world what an opera house should be.

#### FOR THE PRICE OF A TICKET...

Our Appeal has already raised over £8 million from numerous small donations as well as from a few very big ones.

Please don't feel that the final £850,000 is hopelessly out of proportion to what you can afford. Anything at all will help - the price of a ticket, say.

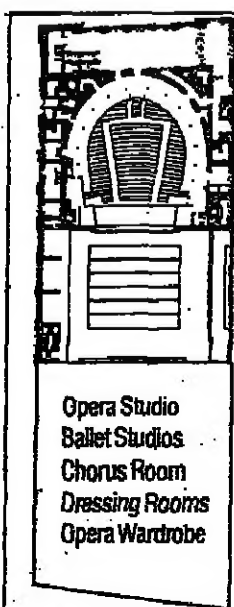
Gifts of covenant greatly increase the value of any donation. For example, £20 covenanted over four years is actually worth £100 to the Opera House. Or four companies each covenanting £1,000 will actually be giving £20,000 between them.

You can have more information about our plans and about covenants and interest-free loans from the address below. Or you can telephone 01-240 1200.

If you would simply like to send a cheque, please make it payable to Royal Opera House Development Appeal and send it to Director, Royal Opera House Development Appeal, Covent Garden, London, WC2E 7QA.

### Royal Opera House Development Appeal.

(Registered Charity No. 211775)



Opera Studio  
Ballet Studios  
Chorus Room  
Dressing Rooms  
Opera Wardrobe







Herr Franz Josef Strauss settles for mineral water before a speech yesterday at Passau in Bavaria. His wife, Marianne, tries something a little more Teutonic.

## Coalition seen as best chance of saving the Spanish democracy

From Richard Wigg

Madrid, March 4

Señor Leopoldo Calvo Sotelo, the Spanish Prime Minister, is under pressure to form a coalition government in order to meet the problems raised by last week's attempted military coup.

Señor Calvo Sotelo chose last Thursday, when forming his administration, to continue with the Suárez ministers, all from the Centre Democratic Union (UCD).

But today, as he met various political leaders, both Señor Felipe González, the Socialist secretary-general, and Señor Manuel Fraga, leader of the conservative Democratic Coalition, spoke in favour of a coalition.

Leaders of industry and the business community, previously opposed to the Socialists in government, appear to be more in favour of a coalition. They see it as the best way that Spain can demonstrate its attachment to the European democratic model and the European Community.

Today, Señor Calvo Sotelo first saw Señor Jordi Pujol, Chief Minister of the Catalans' autonomous regional government. The Socialists are said to be thinking in terms of five Cabinets posts if they are invited to join with an equivalent number of civil governorships—the Spanish version of the prefectorial system in the provinces.

Señor González, in an interview with *El País* the independent daily, said it was clear that Spain's democratic neighbours were "not doing all they could" to help save this country's new democracy.

But he also said that any Spaniards who might sympathize with the plotters must realize that another dictatorship would cost Spain its links with the democracies and its hopes of European integration.

The Socialists would be making big sacrifices in a coalition, he said, but he gave EEC membership and the strengthening of Spain's democratic institutions as prime reasons why all political forces now had to make an effort to agree a programme of government until 1983, the date fixed by the constitution for the next general election.

Señor Fraga, who argues for a "government of national salvation" as the answer, said that a broad-based government would not upset the military and was the only way to prevent a new anti-constitutional attempt to seize power.

If things simply went on as before, he warned Señor Calvo Sotelo, there would be a new attempt to seize power because the causes which led to the attempted coup—terrorism and the absence of proper communications between politicians and the military and between the military and the King—would remain.

The Prime Minister rejected the Socialist leader's first public offer during the Cortes debate last week, preferring the formula of concerted cooperation on certain basic issues, notably strengthening the democratic state.

He may feel obliged to continue this approach for party reasons but Señor Calvo Sotelo is a pragmatist. In the past few days King Juan Carlos has twice urged

Spanish politicians to sink party differences. In his audience with the leaders after the attempted coup he gave a warning that the monarchy could not always be intervening, a clear call to the politicians to shoulder their responsibilities for saving democracy.

The coalition idea has gained approval, ranging from the communists, who have offered to support a coalition from outside, if the Socialists join to ABC, the conservative monarchist daily, which has spoken in favour of a coalition twice in three days.

Prosecutions approved: Spanish publications that approved last week's coup attempt are to be prosecuted. Señor José María Gil Albert, the state prosecutor announced in Madrid today.

He also said that right-wing extremists who chanted slogans supporting Lieutenant-Colonel Antonio Tejero Molina at a public meeting last Sunday in Murcia, will be prosecuted. Colonel Tejero led the take-over of the Cortes—Agence France-Press.

Officers indicted: With right-wing terrorists threatening an assault on the northern Basque country, military authorities indicted 23 right-wing officers today for their part in the attempted coup.

The Spanish Basque battalion, blamed for 21 assassinations last year, claimed the killing of a worker yesterday and threatened a mass attack that political sources said would spur the military into new rebellion.

"We are organized to kill 200 of the most prominent nationalists in a single night," an anonymous telephone caller told the newspaper *Deia*. He also said: "Long live Spain and long live Tejero"—UPI.

## Greek publisher arrested at Athens airport

From Mario Modiano

Athens, March 4

Mr Michael Kouris, a Sunday newspaper publisher, was arrested at Athens airport today while attempting to leave the country, just before the Appeal Court here confirmed his two-year prison sentence for defamation of Mr George Rallis, the Prime Minister.

The court upheld the verdict of a lower court which ruled that Mr Kouris's paper *Avriani* had slandered Mr Rallis by claiming that he had used his influence to lower the customs duties on sports equipment imported and sold in Greece by his wife's firm.

The court accepted that the custom's classifications had remained unchanged since 1962, when neither Mr Rallis was Prime Minister, nor Mrs Rallis was in the sports equipment business.

Mr Rallis who took the stand at today's hearing, accused Mr Kouris and his newspaper of trying to undermine his prestige as Prime Minister by resorting to calumnies.

While he spoke a slight earthquake caused a shower of plaster dust to fall from the ceiling, already damaged by last week's severe shock. This prompted pleas by the lawyers that the law courts should be moved elsewhere.

The defence lawyers walked

out of the courtroom when the appeal judges rejected their request that Mr Rallis should be asked to produce some articles of sports equipment to establish the difference in the customs classification.

With them went Mr Kouris, who drove directly to the airport in an attempt to fly abroad. He was detained on the ground that a court sentence had been passed on him.

Mr Ioannis Stamoulis, his counsel, said tonight that his client had been illegally detained at the airport for one and a half hours before the court's verdict was passed.

Mr Kouris was later escorted to Korydallos prison, near Piraeus, to serve his sentence. His brother, Mr George Kouris, the publisher of the Sunday newspaper *Avriani* in London.

He was sentenced to four years imprisonment for suggesting in his newspaper that President Karamanlis, when he was Prime Minister, had misappropriated a cheque for 55m (12.3m) donated by Mrs Christina Onassis in aid of the Greek armed forces. Proof was produced in court that the donation had been recorded in the state budget.

Mr George Kouris, who had also walked out of the court during the hearings last December, later left the country clandestinely.

## Italians lose their faith in the political system

From Peter Nichols

Rome, March 4

Parties and politicians head the list of hat the public feels is wrong in Italy and needs to be changed, according to an opinion poll.

A long way behind come the comparatively minor irritants of inflation, crime, terrorism and unemployment.

The inquiry by the Doxa survey as conducted in December and the findings are published at a time when political life is passing through a period of full of uncertainties.

Various suggestions have been put forward in the past few months to bring some vitality to the political scene. They include the Communist decision to abandon the idea of seeking a place in a coalition with the governing Christian Democrats in favour of working for an administration actually led by the Communists, the Socialist bid for the prime ministership which until now has been a Christian Democrat monopoly and most disturbing of all to the politicians, the

## Terrorists shoot Turkish diplomats

From Charles Hargrove

Paris, March 4

Armenian terrorists struck again in Paris today. A Turkish diplomat was killed and another seriously injured by two gunmen at a public meeting in the Rue Amelot, near the Bastille.

An anonymous caller later informed the French news agency in excellent French that responsibility for the killing was claimed by the Armenian Secret Army for the Liberation of Armenia. "Our struggle is against the fascist regime and will continue until the complete liberation of Armenian territories," the caller added.

The shooting took place when three members of the Turkish Embassy staff left their offices in an annex of the embassy which deals with Turkish workers in France and were getting into their parked car on the corner of the Rue Amelot. One was already in the driver's seat and the others were about to get into the car when two men opened fire with automatic weapons. Witnesses said one of their guns was fitted with a silencer.

Mr Tercelli Ari, aged 35, the Assistant Labour Attaché of the embassy, collapsed on the spot. The other two attempted to escape and one succeeded in taking cover in a shop near by. But Mr Resat Morali, aged 37, the Labour Attaché, fell a few yards away, fatally injured. The two men fled on foot in the direction of the Bastille Metro station.

A few minutes later police arrested a young man at the station who was found to be in possession of a revolver. But it was later established that the calibre of his weapon did not correspond to the numerous bullet marks found on the vehicles and its barrel was cold. He was not an Armenian. He was detained for further questioning.

Mr Resat Morali was married to a Frenchwoman and had three children. He had been in France for 12 years. He is the third Turkish diplomat to be assassinated in the French capital in the last five years by the same organization which has also been responsible for bomb attacks against Turkish organizations in Paris.

France accused: The Turkish Government condemned the assassination and said France had not taken necessary steps to prevent such attacks (AP reports from Ankara).

The attack clearly demonstrates the existence of a secret Armenian terrorist organization, Mr Ilhan Evliyaglu, the Tourism Minister, said. He said the French authorities "have failed to take necessary measures to prevent such attacks."

He called on France to "take immediate and effective measures."

Less than a year ago in London, Mr Kiichi Miyazawa, the Japanese statesman, emphasized all these points, which are common to most Western analyses, and suggested in a great speech that the making of Western foreign policy should become "a collective exercise."

The four authors go beyond this assessment. "First, they suggest that Europe should take a military role beyond NATO borders, and that Europe and Japan should directly support the United States presence in the Gulf."

The report also makes two main proposals on policy coordination. The first is that the seven nations summit meeting should be devoted to political as well as economic affairs and that a permanent secretariat should be set up to coordinate the four institutes causing unwanted damage to the alliance.

The second is that groups of "principal nations" should deal with particular conflict

dispute, in the words of the diplomatic source close to the negotiations. The source added that the plan involved supervision by neutral "Islamic observers" of a ceasefire and consequent withdrawal of Iraqi troops to borders fixed under the 1975 Algiers agreement.

Negotiations would then be held to revise that agreement, also with Islamic mediation. The source said that the delegation had suggested separating these negotiations from those over the disputed Strait of Hormuz between the two countries which would take much longer.

The delegation suggested that the waterway could meanwhile be supervised by independent observers to ensure free navigation.

The matter of the three Iranian islands at the entrance to the strategic Hormuz Strait at the mouth of the Gulf, which Iraq has insisted should be returned to Arab control, has not been brought up, the source added.

Despite the plethora of hard-

## Islamic peace mission returning to Saudi Arabia after presenting proposals to Tehran

From Tony Allaway

Tehran, March 4

An Islamic peace mission was due to return to Saudi Arabia tonight after presenting "basic elements" of a proposal to end the five-month Gulf war to the leaders of both Iran and Iraq.

The 12-member mission, representing seven Muslim countries and the Palestine Liberation Organization, left for Baghdad this afternoon after a brief stop-over in Tehran and was due to fly on to Jeddah in the evening.

Sources close to the talks said that much at this stage depended on the response of the Iraqis to the proposals. As these required an immediate Iraqi withdrawal after a ceasefire, the sources were not optimistic.

The official Pars news agency reported that, after arriving from Saudi Arabia this morning, the delegation met Iran's Supreme Defence Council and presented a "plan to end the war."

Rather than a plan, however, they presented "some basic elements of a settlement of the

dispute," in the words of the diplomatic source close to the negotiations. The source added that the plan involved supervision by neutral "Islamic observers" of a ceasefire and consequent withdrawal of Iraqi troops to borders fixed under the 1975 Algiers agreement.

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Despite the plethora of hard-

line statements from Iranian officials in recent days, the delegation has been encouraged by Iran's response in the talks themselves.

"To a man everyone has been quite moderate," another source close to the negotiations said. "Only the President has spoken for the Iranians but none of the hardliners on the Defence Council have indicated any dissent. I really do not understand all these public positions. They are quite different from reality."

One such statement came from Mr Muhammad Ali Rajai, the Prime Minister and a member of the Defence Council, tonight after the delegation had left. He said: "We shall fight on and resist until the aggressor is identified and punished until it is completely certain the aggression has ceased and its effects removed."

The reality is that the proposals as they stand would be very much to Iran's gain and Iraq's loss. The diplomatic sources conceded that they would represent a "moral victory for Iran."

## World View by Arrigo Levi

### Time Nato reassessed alliance relationship

This is a time for a general review of political strategies and operational mechanisms in international affairs. The global balance of power and the map of the world have undergone a renewed examination of accepted truths.

The latest such effort, already reported on by Richard Davy in this newspaper, is the joint report of the principal foreign affairs institutes of Britain, France, West Germany and the United States.

In reading their analysis one is struck by its similarity with most other reviews of the world situation undertaken by experts and governments in the past couple of years. This is a good thing. It reveals the gradual emergence of a consensus in the West.

There is a consensus, first, in the assessment of those fundamental changes that affect Western security: the relative increase in Soviet military power, the explosive mixture of Soviet weaknesses and strengths, the almost uncontrollable instability of the Third World, and the high degree of Western dependence on resources in areas no longer controlled by the West.

There is also widespread agreement (though with some American reluctance to concede this fact) about United States inadequacy to guarantee the world balance of power and Western security as it has done in the past, almost by itself or with a limited amount of allied support in some areas (mostly Europe).

From such premises the four authors correctly draw the conclusion that a new alliance relationship must come into being.

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## Peace move in Qantas dispute fails

From Douglas Aiton

Melbourne, March 4

After 19 days and protracted efforts to reach an agreement, the dispute over Qantas Airways has still not been resolved. Early this week, because of the severely depleted operations of the airline, the Australian and New Zealand Governments brought in the Royal Australian Air Force to rescue stranded holidaymakers in both countries.

Last night in Sydney, Mr Andrew Peacock, the Industrial Relations Minister, Mr Cliff Dolan, President of the Australian Council of Trade Unions, and Mr Keith Hamilton, chief executive of Qantas, met in a hotel to try to reach a settlement. Today it was believed that a settlement had been achieved but it emerged that something had gone wrong when the parties confronted each other at the Arbitration Commission.

The decision by Mr Peacock to involve himself in the dispute for the first time came after yesterday's close vote by striking unionists to stay out.

The dispute between the Australian Council of Trade Unions and Qantas arose more than two years ago when the union organization banned the airline's new 747 special jets for 12 days as "punishment" for the alleged use by Qantas of non-union volunteer staff during an earlier dispute with stewards. Qantas refused to accept the ban and suspended the aircraft, leading to about 4,000 employees walking out or being suspended.

Aircraft refuellers, who are members of the Transport Workers Union, blocked Qantas operations 10 days ago over the suspension. The airline has been forced to obtain extra fuel to keep its services flying from Sydney. Qantas today placed advertisements in all the main Australian daily newspapers setting out its side of the case.

Italy, as a marginal country between East and West with a universal Communist Party and a religiously hesitant population, was Italy's choice, the whole East-West balance of power was shattered.

There are, in my view, serious objections to the "principal powers" approach more than to the "special groups" idea. In the case of the Middle East the problem might be solved by adding Italy to the other five.

But there is a more general problem—that of general policy coordination between principal powers and lesser powers—will require further studies, in order to avoid the constructive suggestions by the four institutes causing unwanted damage to the alliance.

Answers to questions in the House of Assembly, Mr Mugabe said: "there is still talk about Zulu (the former name of the Nkomo party) of the people and talk about the Government can put up with acts of intimidation. If a situation arises that we use vicious methods to deal with it."

In the factional fighting, Mr Mugabe said, he was ordering an air strike against a Zulu armed column. It was understood that the Air Force would not be under any restraints again in similar circumstances.

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## Blacklist of entertainers who visit South Africa

From Nicholas Ashford

Johannesburg, March 4

After sportsmen, entertainers are to be faced with the prospect of being blacklisted if they perform in South Africa.

The "black consciousness Azania People's Organisation" (Aapo) announced today that it intended to draw up a list of entertainers similar to the sporting blacklist which the abandonment of the cricket test match against the West Indies in Guyana.

The aim is to place South Africa into cultural isolation, the same lines as the present isolation of this country world sport, an Aapo spokesman said.

The organization has already had one modest success. A performance by Lovelace Watkin, a black American singer, who was to have taken place in a gold-mining town of Welles today, was called off as a result of a boycott by the local branch manager of Aapo.

Aapo has also put pressure on a rock group which began a South African tour today. The group manager said after a meeting with Aapo in the morning that although the group intended to continue with its tour it would not perform in the north of the country.

A blacklist of entertainers is not, however, a new idea. It has been in existence since 1962 when Aapo announced that 12 of its members were detained last October. The black homeland of Lebowa have been freed. The men were held in connection with a boycott of the northern Transvaal. The boycott is continuing in one black town near Pietersburg.

Mr Joseph Mavi and other executive committee members of the Black Munkus Workers' Union were today charged with instigating a strike among the workers of the Johannesburg city council last year.

UN accused of bias during Namibia debate

From Our Own Correspondent

Johannesburg, March 4

Western hopes of reviving the United Nations settlement plan for Namibia have taken another knock following strong attack on alleged UN bias in favour of South-West Africa People's Organisation (SWAPO) by leading member of the anti-apartheid, multi-racial Democratic Turnhalle Alliance (DTA).

Speaking after the expulsion earlier this week of the South African representative from the General Assembly debate Namibia, Dr Ben Africa, DTA's vice-president, said an organization regarded Security Council Resolution 435 (which embodies the settlement plan) to be dead as long as the body failed to demonstrate impartiality.

He said impartiality did not seem possible following rejection of South African credentials during the UN Namibia debate. "We must look for other ways to make our country independent," said.

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OVERSEAS

## Poles promise Soviet leadership swift action to end anarchy

From Michael Dinyan  
Moscow, March 4

President Brezhnev and senior colleagues in the Soviet Politburo today held what amounted to a summit meeting with Mr Stanislaw Kania, the Polish party secretary, General Wojciech Jaruzelski, the Prime Minister, and other key figures in the Polish Communist Party. At the meeting the Poles gave a pledge that they would act swiftly to overcome anarchy and disorder in their country.

Mr Kania, who was in Moscow for the Soviet party congress, left for home afterwards, and the last of the East European leaders to go.

In a lengthy communiqué published this evening both sides said they called imperialism and internal reaction were huping the political and economic crisis would lead to a weakening of communism in Poland and abroad. This therefore made it clear and resolute rebuff to such dangerous attempts "particularly pressing".

In a specific evocation of the so-called Brezhnev doctrine they declared: "The socialist community is inseparable. Defence of it is the cause not only of each state but also of the entire socialist coalition." The communiqué said the Soviet people had confidence that Poland would be a "reliable link" in the socialist community, a clear reference to its important position in the Warsaw Pact.

Both sides agreed that the Polish people had the strength and possibilities to turn the course of events and eliminate the dangers hanging over what were called "the socialist gains of the Polish people".

In his address to the congress last week, Mr Kania stressed, among other things, the need to solve its difficulties on its own, saying his party had the strength to prevent counter-revolution in the country. By contrast, Mr Brezhnev had earlier spoken more ambiguously about not abandoning the Soviet Union's ally in its hour of need, and he declared that the "pillars of socialist society" were in peril.

Mr Brezhnev had been expected to hold talks with Mr Kania, as he has done with all the East European leaders who attended the congress, except President Nicolae Ceausescu of Romania. But this meeting was clearly of greater importance.

Present with Mr Brezhnev were all those Politburo members with direct responsibilities for areas where the Russians feel events in Poland pose a threat. Mr Nikolai Tikhonov, the Prime Minister, Mr Yuri Andropov, head of the KGB security police, Mr Mikhail Suslov, the guardian of communist ideology, Mr Andrei Gromyko, the Foreign Minister, Marshal Dmitry Ustinov, the Minister of Defence, and Mr Konstantin Chernenko, the secretary responsible for relations with other ruling parties.

The communiqué spoke of a "common approach" of both sides to the Polish crisis, and the "heartfelt" atmosphere at today's meeting.

Nevertheless, there are indications that the Russians are still far from happy with the situation in Poland in spite of the present lull, and with their party congress now out of the way, are in a better position to urge the Poles to take tougher measures to restore things to what Moscow regards as normal. Moscow's viewpoint was undoubtedly put strongly at today's meeting.

Demands for reform: Containing the tide of demands, some of which would change the basic concepts on which the Polish Communist Party has been resting for decades, has become the paramount element in the discussion between the central party authority and the rank and file (Dessa Trevisan writes from Warsaw).

The Polish workers' revolt of last summer has provoked a soul searching debate within the party's three million members and meetings preparing the agenda for the ninth party congress are calling for fundamental changes to give the grass roots more control.

The question is how far can the Communist Party go in reform. Already it is clear that the divisions have not been bridged. The plenary session of the commission entrusted with preparing the party press with representatives from the regions, which was due to be held next week, has been postponed.

There are three main trends. The leadership under Mr Stanislaw Kania is convinced of the necessity for reform. The reluctant conservatives entrenched in the vast bureaucratic apparatus are fighting a rear-guard battle. The rank-and-file majority, according to opinion polls, is pushing for transformation but is still sceptical of how far in fact this can be carried through.

## Mr Reagan tries to allay fears of 'new Vietnam'

From Clive Cookson  
Washington, March 4

President Reagan tried last night to reassure his foreign policy critics who fear that the United States' growing military involvement in El Salvador could lead to "another Vietnam".

In a television interview Mr Reagan said he saw "no parallels at all" with the first phase of American military aid to South Vietnam. About thirty American military advisers are already in El Salvador, and the Administration announced yesterday that it would send another 20 to help the ruling junta, but the President emphasised that they would not become involved in combat.

"They train recruits in the garrison area and, as a matter of fact, we have such training teams in more than 30 countries today," President Reagan said.

However liberal Democrats in Congress were not placated. Forty-three members of the House of Representatives have sent the President a telegram warning him that one or more American advisers might be killed by the rebels in El Salvador. American casualties, they said, might force the United States "into another Vietnam or a humiliating withdrawal".

But Senator Paul Tsongas of Massachusetts, one of the Democratic colleagues on the Senate foreign relations committee, conceded that the liberals were in a minority.

President Reagan touched on many foreign policy issues during his hour-long interview with Mr Walter Cronkite, America's best-known television news anchorman, who retires from CBS this week. He was extremely cautious in response to Mr Cronkite's questioning about President Brezhnev's suggestion of a summit meeting.

"We could talk a lot better if there was some indication that they truly wanted to be a member of the peace-loving



President Reagan discussing a trip planned by former President Gerald Ford.

## Mrs Thatcher 'admits mistake'

Mr Reagan revealed that Mrs Thatcher, the British Prime Minister, told him while she was in Washington that she thought she had made a mistake by introducing her economic policies in a "piecemeal" way in Britain.

He said she had been "urged new efforts to reach a negotiated settlement of the civil war".

The statement said the military aid had three negative consequences: "It identifies the United States, at least symbolically, with the repressive role of the security forces whose actions have been consistently criticized by the church in El Salvador; it increases the risk of wider military intervention; and it jeopardizes a constructive role the United States might play in the conflict."

The statements signatories said they "found profoundly disturbing the decisions taken

in the last two months to renew military aid of weapons and ammunition and finally to propose even more significant increases for the future."

Moscow bewildered: Soviet officials today expressed bewilderment at President Reagan's statement making a summit meeting contingent upon a good-will gesture by Moscow, perhaps in Afghanistan (Agence France-Press reports from Moscow).

The American response to the Brezhnev proposal came like a cold shower in Moscow, where spokesmen at the just concluded Soviet party congress went out of their way to press their call for an East-West dialogue.

"They did not go unnoticed in the Soviet Union," Mr Leonid Zamyatin, Mr Brezhnev's spokesman, said of the American reactions.

South Africa pleased: Mr P. W. Botha, the South African Prime Minister, today welcomed Mr Reagan's statement acknowledging South Africa's strategic importance (Reuters reports from Cape Town).

## \$32,600m rise sought in US defence budget

Washington, March 4.—President Reagan asked Congress today to add \$32,600m (115,000m) to the Carter defence budget for the next 18 months, including funds for a new manned bomber and other weapons programmes.

Mr Reagan's proposed additions to the Pentagon budget unveiled by his defeated predecessor in January would authorize \$1,300,000m (5,000,000m) for the five years starting in 1982. This is nearly \$300,000m more than Mr Carter sought.

As well as the bomber, the Reagan plan calls for building a sixth nuclear-powered aircraft carrier, reactivating two Second World War battleships and obtaining dozens of other ships and hundreds of aircraft and tanks beyond what Mr Carter proposed for the last half of the current 1981 financial year and for 1982.

It also proposes nearly to double spending for defence of the Gulf and Indian Ocean areas, including strengthening the United States rapid deployment force and improvements to military installations on the

British-owned Diego Garcia island.

Mr Caspar Weinberger, the Defence Secretary, in unveiling the new budget to Congress, said the proposed increases over the next five years would redress the military balance with the Soviet Union and restore American strategic nuclear deterrence.

Mr Reagan made what he called American military inferiority relative to the Soviet Union a campaign issue in his quest for the presidency. He proposed today military budget authority of \$178,000m this year, \$6,800m above the Carter request. For the 1982 financial year starting on October 1, he asked for \$222,200m, an increase of \$44,200m.

Despite opposition by some conservatives, President Reagan said today he will nominate Mr Lawrence Eagleburger, a former assistant to Dr Henry Kissinger, to be Assistant Secretary of State for European Affairs. Mr Eagleburger, who is 50, has held several previous State Department positions.—AP.

## Close Brezhnev associates join Central Committee

Moscow, March 4.—Several close relations and associates of President Leonid Brezhnev, who is the Soviet party leader, have been moved up to the Communist Party's Central Committee, according to lists published in Pravda today.

Mr Yuri Brezhnev, the First Deputy Foreign Trade Minister, who is the party leader's son, became one of 151 candidates (non-voting) members of the Central Committee. Lieutenant-General Yuri Churbanov, the First Deputy Interior Minister, who is Mr Brezhnev's son-in-law, was moved to the same level.

President Brezhnev's position was further strengthened by the promotion of Mr Andrei Alexandrov-Agostov, a senior personal aide, from

candidate to full Central Committee member, while another aide, Mr Anatoly Blatov, became a candidate member.

The party congress, which ended yesterday with the re-election of an unchanged Politburo and Secretariat, expanded the policy-making Central Committee from 267 to 319 full members and from 139 to 151 candidate members.

Several senior officers from the armed forces moved into the Central Committee as full members, while at least three figures from the KGB security police were promoted to the same level. They included General Semyon Tsvigun, the First Deputy Chairman of the Committee for State Security.—Reuters.

Congress reviewed, page 16

## Fresh Libya threat to kill enemies

From Robert Fisk  
Beirut, March 4

Colonel Muammar Gaddafi, the Libyan leader, appears to have sanctioned a renewal of the international assassination campaign against opponents of his regime.

In a speech to mark the fourth anniversary of "people's congresses" in Libya this week, he declared that the revolution has the right to liquidate their enemies at home and abroad.

Last night, Tripoli radio carried a statement saying that Libyan revolutionary committees had "reaffirmed their determination to continue the physical liquidation campaign against the enemies of the people at home and abroad". The colonel's words should not, perhaps, be taken too literally. The Libyan leader uses rhetoric with more freedom than most Arab heads of state.

## Mr Begin pained by hostility

From Our Own Correspondent  
Jerusalem, March 4

Israel's relations with a number of leading European countries are coming under increasing strain which has further lessened the chances of official cooperation here with any proposed European peace initiative in the Middle East.

In a bitterly worded speech today, Mr Menachem Begin, the Prime Minister, condemned the suggestion made in a recent European working paper that Israel should withdraw from all the occupied Arab territories in exchange for foreign security guarantees and normal ties with the Arab states.

Speaking in the Knesset to an audience of former French paratroopers, Begin said: "With deep pain, I must say lately the official policy towards Israel of several European countries—including France—is absolutely negative and sometimes incomprehensible."

The question of proposed arms sales to Saudi Arabia, a long-standing diplomatic anger against West Germany in particular, and also Britain and Italy.

## Israeli move to frustrate redivision

## Building of Jerusalem suburbs speeded up

From Christopher Walker  
Jerusalem, March 4

Recent statistics have shown a sharp acceleration in Israeli plans to encircle Jerusalem with new Jewish suburbs in an effort to frustrate any future international attempts to redivide the city part of a comprehensive Middle East settlement.

It was disclosed this week that in the two years since the signing of the Camp David accord there has been a nearly three-fold increase in the annual number of new homes built for Jewish families in areas of the city conquered from the Arabs in 1967.

The deliberate publication of the figures as part of the Government's intensifying campaign in the run-up to the June general election is expected to lessen further any chance of a Palestinian autonomy agreement being reached with Egypt.

According to Mr David Levy, Israel's Housing Minister, 8,000 housing units have been constructed in the mushrooming new suburbs since 1979, nearly three times the previous highest rate achieved since the land was annexed after the Six-Day War.

The new flats are sufficient to house more than 28,000 Jews, many of whom will be encouraged to move by heavily subsidized house prices.

During a heavily guarded walkabout in three of the new Jerusalem suburbs and their towering apartment blocks, Mr

Menachem Begin, the Prime Minister, was shown convincing evidence that his Government has embarked upon what one official described as "perhaps the largest housing scheme of its kind in the world". It is estimated that about 90,000 Jews are already living in the new suburbs, many of which were established under the previous Labour administration.

Mr Uri Oren, spokesman for the Housing Ministry, told reporters accompanying a tour: "This Government is concerned with creating facts on the ground: 10,000 extra Jews must come to live in Jerusalem every year to keep up the present balance between Jews and Arabs (73 to 27 per cent)."

Mr Oren claimed that until 1979, the ratio of Jews to Arabs in the Holy City had been dropping year by year because of two factors: the higher Arab birthrate and the continuing immigration of Arabs to Jerusalem from the West Bank.

The tour began in Gilo, a Jewish suburb sprouting from the Judean hills less than two miles from the centre of the occupied Arab town of Bethlehem. Already the drab looking suburb has over 10,000 Jewish residents.

Under the Government's plan, the town—which is situated just inside the West Bank—will be transformed into a dormitory city with 35,000 Jewish residents and a new access road to Tel Aviv.

## Caste remains an abrasive in Indian society

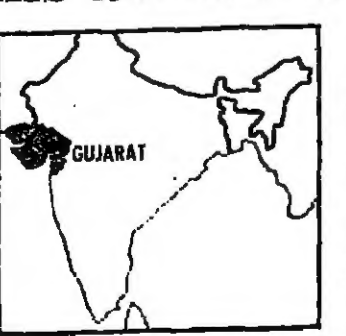
From Trevor Fishlock  
Delhi, March 4

Few days pass in India without the newspapers reporting fresh manifestations of caste conflict. Beating, shooting, rape and mutilation are added almost daily to a dismal catalogue. Caste is part of the framework of Indian society and also one of its enduring abrasives.

The present eruption of violence in the western state of Gujarat, which has so far cost 25 lives and appears to be growing more bitter, is a caste conflict rooted in a government policy which attempts, in a well-meaning egalitarian spirit, to confront one of the central issues and enigmas of Indian life.

The constitution says: "The state shall promote with special care the education and economic interests of the weaker sections of the people." Since independence these words have been translated into action through the policy of reserving places in colleges and government offices for Harijans (Mahatma Gandhi's name for Untouchables) and for tribal people, who make up about a sixth of the population.

But according to a growing body of opinion the quota system is getting out of hand. It is argued that the noble purpose enshrined in the constitution, which outlawed untouchability, has become distorted in practice and that the contradictions in the policy sharpen rather than mitigate caste differences. Critics contend that caste has become one of the important commodities in the political market, with politicians promising larger job quotas in exchange for votes. Positive dis-



testing against the students' campaign. Caste has been for more than 3,000 years a central and powerful force in Hindu society and to a considerable extent still determines a man's place in society.

It is part and parcel of Hindu ideas of life, rebirth and predestination, and clearly has a stabilizing or ordering effect in society. But for the lower orders it is also an instrument of repression and is therefore a cause of violence.

The system had its origins in four castes, broadly speaking the priests, soldiers, farmers and artisans. The rest were the untouchables. Now there are said to be 3,000 castes, with numerous sub-castes.

Modern conditions and influences, especially the growth of education, travel and the development of urban societies, have gone some way to eroding traditional caste barriers. In cities a different style of life and enforced mixing and sharing in public transport, restaurants and cinemas have helped to make caste less important.

Most caste strife originates in the countryside. Harijans tend to be confined to their traditional menial tasks, live separately in villages and draw water from different wells. Belief that Untouchables contaminate leads to the practising of an apartheid extraordinarily complex in its detail.

Ill-treatment of Harijans has been commonplace for centuries. A atrocities in which Harijans and tribal people are victims have increased threefold in the three years according to the Commissioner for Scheduled Castes. Much of the trouble in rural India today is caused by land

feuds as peasants, mostly Harijans, try to claim their rights, and become the victims of landlords who resort to murder and maiming to resist the pressure.

Prejudice is not a one-way affair. A few days ago a Harijan village cut off the nose of a Harijan who had offended by marrying into a higher caste. Marriage is still a sensitive and important area where caste lines are concerned.

In more educated circles prejudice and superstition are still there, even if more covert. After a reception in Delhi the host ordered the crockery to be smashed because it had been used, and so defiled, by a guest who was an Untouchable.

When a former deputy prime minister, a Harijan, unveiled a statue two years ago, high caste Hindus gave it a wash after he had gone, because he had touched it.

Recently a Harijan presented an idol worth £2,700 to a temple, but the priest refused him entering the temple because his presence would have polluted it.

In the generation since independence India has made huge strides in agriculture, industry and education, and living standards have been raised remarkably. But improvement has been offset by large growth in population, so that in spite of all the advances more than two-fifths of the people live below the poverty level. Pressure on land has grown, and this is one of the factors in caste conflict.

Many Indians are anxious to find ways of lessening tensions while bettering the lives of those traditionally kept under the heel. But the caste structure itself is a part of India that cannot be eradicated.

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## OVERSEAS

# Thai Premier hopes to form new Government by weekend after nine more ministers resign

From Neil Kelly  
Bangkok, March 4

The divided coalition Government of Thailand broke up today with the resignation of nine more Cabinet ministers, including most of those in charge of economic affairs. Four other ministers had resigned earlier.

General Prem Tinsulanonda, the Prime Minister and commander-in-chief of the Army, would not resign, a government spokesman said, but hoped to announce a new government by the end of the weekend.

The resignations coming after a dispute over oil supplies, almost certainly mean the exclusion from the Government of the middle-of-the-road Social Action Party, which holds 30 seats in Parliament, twice as many as any other party. Its lack of a voice in Government is likely to have repercussions throughout the country.

Mr Boonchu Boonchu, the Deputy Prime Minister in charge of economic affairs, was one of those who resigned today. He and the Social Action

Party have been identified with economic and social measures to help the rural population and to narrow the gap between the rich and the poor. Mr Boonchu also removed much red tape to assist foreign investors.

Although the remodelled Government may be more inclined towards the right and the military, no important changes in these policies are expected.

General Prem has often said he is committed to policies which will bring "more fairness in society".

Senior officers have had discussions with political leaders in recent days but General Prem said the military would not interfere in the government reshuffle although they wanted stability for the country.

Leaders of the armed forces had in the past brought about most of Thailand's political changes by overthrowing the Government on the day.

In the present crisis some senior officers made it clear they wanted the Social Action Party removed from the Govern-

ment because of its criticism of General Prem, and because they opposed the Social Action ministers' handling of the economy.

At what proved to be the last meeting of the cabinet called for Colonel Chamlong Srimuang, Secretary-General to the Prime Minister, preached a "sermon" to the tense gathering, according to a government spokesman.

Colonel Chamlong, who is often called "the preacher" because of his public lectures on Buddhism and his strict adherence to its precepts, told the ministers that despite their problems and conflicts they should all set good examples of behaviour to the public.

Everybody in the Cabinet room liked any sermon because it defused the tense situation", he said later.

In a recent public lecture Colonel Chamlong urged his audience to follow him in leading an austere life. He did not sleep on a bed but on a mat on the floor, never attended entertainments and had decided with his wife not to have children.

## Unesco 'is trying to license journalists'

From Charles Harrison  
Nairobi, March 4

The International Press Institute, which represents more than 1,800 editors from over 60 countries, ended its annual assembly here tonight after approving resolutions on South Africa, Argentina, Portugal, South Korea and moves through Unesco to impose further restrictions on the news media.

The institute referred to Unesco's recent moves to implement measures designed to protect journalists, and said it has no confidence that certain governments, through Unesco, can be trusted with the task of protecting journalists. The latest move, the resolution adds, was "yet another attempt to license journalists while professing to protect them".

The institute said it would continue its fight for the protection of the right of any journalist to collect and convey information "without perils, hazards or other interference". This protection, however, must be meaningful and not an excuse to exercise governmental control.

"Unesco is trying to give governments a right to say what is published in any case," have proceeded against journalists and press freedom," Mr. Cusbrooke of the *Statesman*, of India, the president of the institute, said.

The institute protested against the South African Government's "continuing acts of repression against journalists," expressed grave concern over the fate of dozens of Argentine journalists who have disappeared during the past five years; urged the Portuguese Government to hand over to the public the ownership and uphold the principles of press freedom; and expressed the hope that the improvement in South Korea since the lifting of martial law would continue.

Another resolution expressed the hope that more funds would be made available internationally to assist the press in developing countries.

Reviewing the problems of the media earlier, a Peter Gallinger, the institute's director, said the situation in South Korea and South Africa had caused great concern.

While the position in South Korea was better than it was six months ago, many journalists no longer able to follow their profession. South Africa's introduction of further measures to curtail press freedom was a matter for great concern.

There had been terrorist attacks on journalists in Italy and Spain, as well as in South America, prompting Mr Gallinger to claim that "journalism has become one of the most dangerous occupations".

Mr Hilary Ngweni, editor of the *Nairobi Times*, criticized the fact that some newspapers in Kenya are still under foreign ownership.

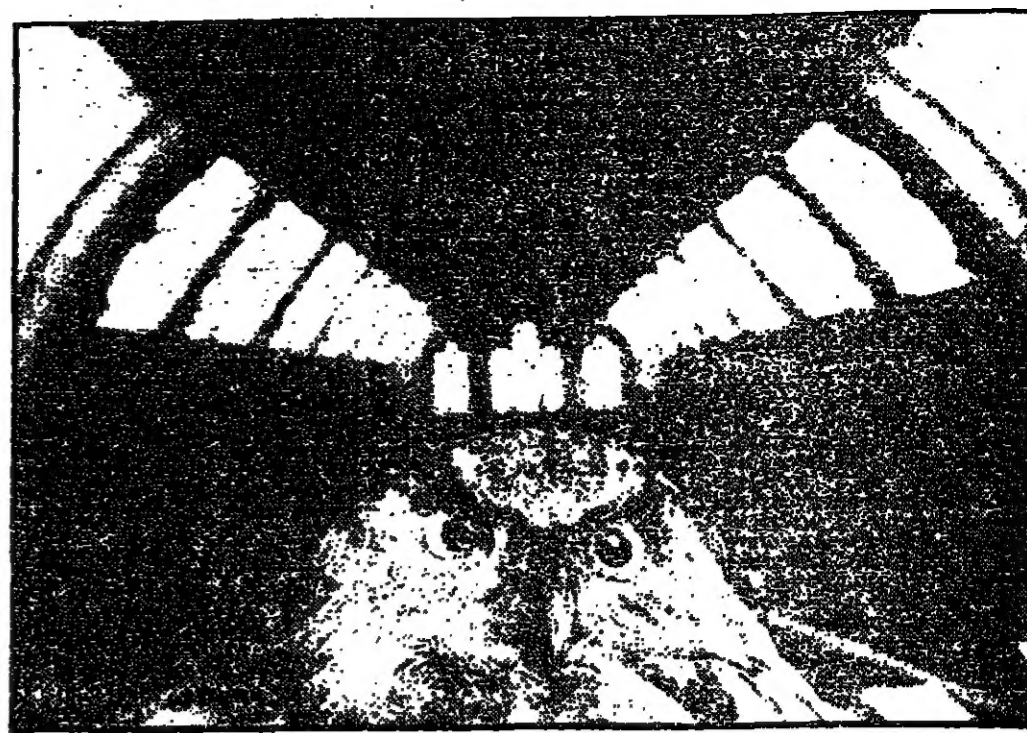
He was copper, and he was cream, and his fangs were inordinate. He danced in the moonlight in the frosty lanes of Oxfordshire and he was very hungry. Still, his rabbit, a terrified rabbit, never getting farther, dazzled by the headlights, ran straight in front of the car. "Steady, steady," thought the driver. "There's my dinner!" and he took a rabbit, always getting farther, nearer to his burrow, all unknowing that his enemy was dead. For the car wheels caught, stoat, and howled him in the hedgerow and he lay there cream and copper and his fangs were inordinate.

In the morning a man came by and said: "My, that's a fine fellow, not a mark on him, I'll take him and show him to some people." Various people came and looked at the stoat and a woman said: "How very handsome, I wonder if we could have him stuffed?"

Which only goes to prove that women are impossibly inquisitive and quite frequently let themselves in for pieces of information, to say nothing of bills, for which they have not bargained. First they rang the University of Oxford, Natural History department and inquired if the stoat could be made quite different and wonderfully permanent by, say, five o'clock one day very soon. And the University of Oxford, Natural History department said, very politely, go away.

The woman consulted a bright yellow book divided into taxonomy and modelling department of the Natural History Museum a world leader in its field. Confronted with the need to use mostly zoo-bred creatures or to shampoo and refurbish specimens from a less conservation minded age, the Natural History Museum has responded finely both by the development of techniques, and by the presentation of what it has preserved or restored.

The first thing to remember to forget is that animals are not stuffed, as with teddy bears and sofa cushions. They are modelled with the utmost skill, life-likeness of posture, and accuracy of anatomy in a variety of materials. Then and only then is the furry or feathered creature drawn on, sometimes over, sometimes upward like Long Johns, and the stitching into place begins. Hunt the stitches is apparently



An owl in the new exhibition at the Natural History Museum

latest reports from those concerned with preservation, who can still point to rows of elephant feet destined as waste paper baskets and tin cans of the gentle whale murdered to feed the smelly pellets that man has made of once self-supporting species.

Enough though to make the taxonomy and modelling department of the Natural History Museum a world leader in its field. Confronted with the need to use mostly zoo-bred creatures or to shampoo and refurbish specimens from a less conservation minded age, the Natural History Museum has responded finely both by the development of techniques, and by the presentation of what it has preserved or restored.

The first thing to remember to forget is that animals are not stuffed, as with teddy bears and sofa cushions. They are modelled with the utmost skill, life-likeness of posture, and accuracy of anatomy in a variety of materials. Then and only then is the furry or feathered creature drawn on, sometimes over, sometimes upward like Long Johns, and the stitching into place begins. Hunt the stitches is apparently

a keenly fought game between preserver and audience.

Technically, freeze drying is the New Thing, but before everyone gets very nervous about what is going to be mixed in with the mixed vegetables I should say that this process makes for many problems in larger mammals, which must be posed at the start of the week-long dehydration and over whose collapse or distortion little control can be exercised from then on. Great for birds, inescapable fact that a lot of young student made blasé mammal and magazine the wild life all around. Just as society has had to come to terms with the old inescapable fact that a lot of animals, birds and flow which have been taken, granted will never be seen their wild habitat by a grandchildren, so museum must keep up to date with one common, now rare Christmas show entitled I dustbin fox, or survival Britain in the 80s.

After all, only I was it that my copper and creature, measuring with curtain tape, 16 1/2 in from the nose to black-tipped was a stoat. Twenty years a would anyone have paused? we all sat down in Oxford and said: "That's your fault

you move fast, your spot is still be a perpetual option your decor.

Bowing to popular demand the new exhibition will have the diorama form of presentation as opposed to a lot of varied snippets or what in a glass coffin hardly fits to capture the imagination of young student made blasé mammal and magazine the wild life all around. Just as society has had to come to terms with the old inescapable fact that a lot of animals, birds and flow which have been taken, granted will never be seen their wild habitat by a grandchildren, so museum must keep up to date with one common, now rare Christmas show entitled I dustbin fox, or survival Britain in the 80s.

## In brief

## MacLehose visit to London

Hongkong, March 4.—Sir Murray MacLehose, the Governor of Hongkong, will visit London next week for talks with Lord Carrington, the Foreign Secretary, Mr William Whitelaw, the Home Secretary and Mr John Biffen, the Trade Secretary. His six-day visit precedes Lord Carrington's visit to Hongkong.

Sir Murray will explain Hongkong reactions to the British Nationality Bill and the recent increases in the fees of Hongkong students in England.

## Envoy threatened Australia

Canberra, March 4.—Mr Malcolm Fraser, the Australian Prime Minister, criticized the Soviet Ambassador, Mr Nikolai Soudarikov, accusing him of attempting to threaten Australia. Mr Fraser said in Parliament that Mr Soudarikov had told journalists that Australia could become a nuclear target because of its friendship with the United States.

## New Defence Minister

Cairo, March 4.—President Anwar Sadat, Egypt, today appointed Lieutenant-General Muhammad Abdul Halim Abu Ghazala as Minister of Defence and commander of the armed forces, the Middle East News Agency said.

## S Yemen execution

Beirut, March 4.—Mr Muhammad Saleh, Mutea, South Yemen's former Interior and Foreign Minister, has been executed in Aden after being convicted of dealings with Saudi Arabian intelligence, the Beirut newspaper *Al-Safir* said today.

## Casino fire

Las Vegas, March 4.—About 1,600 gamblers and guests were evacuated when a fire, said by firemen to have been started deliberately, broke out in the Silverbird Casino Hotel here last night.

## Prince Sihanouk eases terms for a coalition

Pyeongyang, March 4.—Prince Norodom Sihanouk the former Cambodian head of state announced in North Korea today that he was ready to drop some of his conditions for setting up an anti-Vietnamese coalition with the Khmer Rouge in his country but asked for Chinese and American aid to create an "independent Sihanoukist army".

He said he would insist on the "essential conditions" of the neutralization of the country after the withdrawal of Vietnamese troops. But he dropped a proposal that would have led to the vacating of the Kampuchean seat at the United Nations, in anticipation of his forthcoming talks with the Khmer Rouge and their ally China.—Agency France-Press.

## Law Report March 4 1981

# Tomlin Order is used for a new purpose

In re a Company No 003324 of 1979

Before Mr Justice Vinelott [Judgment delivered March 3] Where a compromise is made in an application under section 210 of the Companies Act, 1948, and the petitioner does not seek an order for the compulsory winding up of the company, it is appropriate to embody the terms of such compromise in the form of a Tomlin order.

Mr Justice Vinelott, who gave his name to the order, said: "When an action is proposed to be stayed on agreed terms to be contained in a schedule to the order, the order is: And the plaintiff and the defendant have agreed to the terms set forth in the schedule hereto it is ordered that all future proceedings to this action be stayed."

The petitioner sought an order under section 210 to compel the company or its directors, a majority shareholder in the company, to purchase his shares at a price calculated in accordance with the method contained in the articles of association. The parties reached a compromise on the sale of the shares the terms of which were set out in a Tomlin order. The

## Three more men hanged in Malaysia

From M. G. Pillai  
Kuala Lumpur, March 4

Three more men went to the gallows at Malaysia's Pudu prison early today, bringing the total of those executed in the past seven days to nine. The executions were resumed last night after an interval of 10 months. Longtime sources said there were at least 14 men in the death row awaiting the results of their clemency appeals.

All but two of the 20 men hanged since March last year—when executions were resumed after several years—had been convicted under the Internal Security Act of having unlicensed guns. The other two were hanged for drug trafficking and murder.

The Internal Security Act restricts the rights of appeal and imposes a mandatory death sentence on conviction. At least 60 men have been sentenced to death under the Act. Legal sources contend that when the Pardons Board met in the past fortnight, it commuted five death sentences, but this could not be officially confirmed today.

## Peking coastal ban forces fishermen into shore jobs

From Our Correspondent  
Hongkong, March 4

China's five-month ban on fishing inside its coastal waters by boats from Hongkong is forcing an estimated 1,000 Hongkong fishermen into low-paid building and labouring jobs ashore.

Nearly 200 trawlers, most of them shrimp boats, have been offered for sale, according to the Hongkong Fishermen's Mutual Aid Association. The association has 4,000 members, who have a low educational level and cannot find jobs which will pay them as much as they earned from fishing.

After suddenly imposing the ban in September—in order, it was claimed, to preserve rare fish—the Chinese authorities extended it in December without warning to a belt of 40 nautical miles along the coast from Guangdong and Guangxi provinces, from which Chinese mainland fishermen were also banned.

## Royal brew

Hongkong, March 4.—Queen Margrethe of Denmark opened a new brewery during a visit to Hongkong this year.

After urgent representations, they agreed to reopen an area of 100 nautical miles in the estuary of the Pearl river between Hongkong and Macao, and promised a visiting mission of Hongkong fishermen to consider further concessions.

But no compromise has been offered so far and Mr Keung Yin-wan, chairman of the Hongkong and Kowloon Fishermen's Welfare Association, expects a continuing increase in the number of unemployed fishermen.

He said that 600 of Hongkong's 1,400 registered trawlers are now idle.

The chairman of the mutual aid association has gone to Canton to attend a meeting of the Guangdong Fishermen's Congress, but the fishermen's leaders do not expect any important concessions.

Nearly 50 Chinese naval vessels are patrolling the coast between the two cities, where hundreds of fishermen were arrested in recent months.

## Carnival toll

Rio de Janeiro, March 4.—At least 119 people died in the four-day Carnival here yesterday.

## Chancery Division

made, it would relate back to the service of the petition. No order in the Tomlin form had ever been made in the compromise of an application under section 210 possibly because petitioners commonly sought a compulsory winding up order as an alternative to an order under that section.

In the present case there were clear advantages to the parties in embodying the agreed terms of the compromise in the Tomlin form, so that if any dispute arose in carrying out the terms of the compromise, the matter could be referred to the court. There was no possible prejudice to other persons concerned with the company, in particular the creditors, if the petition remained on the file during the period required to complete the sale and transfer of the minority shareholding. On the other hand it would be undesirable that the petition should remain on the file indefinitely, and the petitioners sought an order under section 210 to apply to discontinue the petition when the terms of compromise had been fully implemented.

His Lordship approved the form of order. Solicitors: Dibb, Lupton & Co, Leeds; Harrison, Leeds.

## The Times Cook



## Shona Crawford Poole

Of this season, *The Country Housewife and Lady's Director* of 1727 notes: "In this Month it may not be necessary to observe that Oranges are declining, and waste space; but they are commonly very cheap, and therefore such as have a great Call for Orange-peel, as Confectioners, etc, now buy them in quantities; but a little Carriage by Land will contribute to their quick decay."

Its author, Richard Bradley, who was appointed the first Professor of Botany at Cambridge University in 1724, goes on to say: "The Orange, though it is not found in every Garden, I esteem it as a necessary Fruit in many Cases, and what a Family can hardly be without; and truly considering how good Oranges we might have in our Gardens, and how easily they may be cultivated against Garden-walls, I much wonder that they are not more generally planted with us."

"There is a very good Instance of their prospering well against a Wall, and thriving in the natural Ground, at Mr Heather's, a curious Gentleman at Twickenham, which Trees bear very well, and bring very large Fruit."

The good professor was indeed writing of orange trees fruiting in England (and not just in glasshouses) as well as of imported fruit. And what he was leading to was a recipe for preserving their juice, especially if only preserved in such as have opportunities of vending Punch in large Quantities, for such who find that Liquor agreeable to them: I thought I might give an undertaking to those who have expressed the Juice of Oranges and Lemons, and bottled it up against a dear Price, to give them a new and better way of preserving it in a short season.

"The method which I have taken to preserve this Juice to be used in Punch, was to express the Juice, and put it thro' a Jelly-bag, with about two Ounces of double-refined Loaf-Sugar to each Pint of Juice, and a Pint of Brandy, or Arrack, bottle this up, and cork it well with sound Cork, and you may keep it a Year . . ."

"When you have occasion to use it for Punch, it is at the discretion of the Maker to add what quantity of Brandy, or Arrack, he thinks proper, only remembering that there is already a Pint in each Bottle." No, it would not do at all to forget.

Another old fashioned preserve is lemon curd. New laid eggs may have been easier to come by in Richard Bradley's time, but he would have had greater difficulty storing it. Even with refrigeration it seldom keeps longer than about three months, so make small quantities at a time.

## Juice of a good idea

discretion of the Maker to add what quantity of Brandy, or Arrack, he thinks proper, only remembering that there is already a Pint in each Bottle." No, it would not do at all to forget.

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## Lemon curd

Makes about 1.35 kg (3 lbs)

6 juicy lemons  
225g (8oz) unsalted butter  
570g (1 1/4 lbs) caster sugar  
6 large fresh eggs, newly laid if possible

Wash and dry the lemons. Finely grate the rinds and squeeze and strain the juice. Put the juice and grated rind into the top of a large double saucepan (or in a bowl over pan of hot water) with the butter and sugar. Cook slowly over hot water until the butter has melted and the sugar has dissolved completely.

Beat the eggs lightly in a bowl and pour them into the lemon mixture through a fine sieve. Cook the mixture gently, stirring constantly, until the curd thickens enough to coat the back of a wooden spoon. On no account boil the mixture or curdle.

Pour the curd into spotlessly clean heated jars. Top each jar with a waxed paper disc, pressing out any air bubbles, cover and label the jars and as soon as they are cool, store them in the refrigerator.

Grapefruit and mint sorbet is a marvellously refreshing first course to serve when appetites are wilted by summer heat. It is equally good as a winter pudding—an unexpected antidote to seasonal snodges and central heating. For those who are old enough to indulge, a plug of well-cured vodka, or schnapps over the top takes a lot of beating.

Herb farms supply mint to greengrocers all year round, so order a bunch if it is not on view.

Grapefruit and mint sorbet Serves eight  
3 large grapefruit  
300ml (1 1/2 pint) water  
225g (8oz) granulated sugar  
A handful of fresh mint  
2 egg whites  
2 tablespoons icing sugar

cold. Turn the freezer or freezing compartment of the refrigerator to its coldest setting.

Squeeze the juice from the grapefruit and add it to the cold syrup. Strain the syrup and freeze it until the mixture has the consistency of heavy slush. Beat the egg whites until they are foamy, add the icing sugar and continue beating until the meringue holds stiff peaks. Turn the partially frozen ice into a chilled bowl and beat in very thoroughly. Add the meringue and beat them lightly together. Freeze the mixture, covered, until it is firm, whisking it once more during freezing if necessary.

Notes: a shallow metal or plastic tray or box is the best receptacle in which to freeze sorbets and ice creams. The faster they freeze, the better the texture of the ice. If the finished ice is too hard to serve straight from the deep freezer, ripen it in the refrigerator for about 20 minutes.

Crêpes are a splendidly useful standby for unexpected guests or, well, just instant family meals. I like to keep a stack of lacy home-made pancakes in the freezer, but frozen crêpes are also sold by some freezer centres, and I have recently seen plastic packs of large Breton crêpes which keep for months in the storecupboard. Freeze crêpes thaw in moments if spread on a flat surface at room temperature, and all types can be used for sweet or savoury fillings. Any variation on the crêpes Savette theme is a sure winner. The flames and flavours are irresistible.

Crêpes Suzette Serves six or more  
110g (4oz) plain flour  
1 teaspoon salt  
3 eggs, beaten  
250ml (8 fl oz) milk  
3 tablespoons melted butter or peanut oil  
85g (3oz) unsalted butter  
85g (3oz) caster sugar  
Finely grated rind and juice of 2 large oranges  
3 tablespoons cognac  
Cointreau or Grand Marnier

Sift the flour and salt into a bowl and make a well in the centre. Add the eggs and a little of the milk. Gradually draw in the flour to make a thick, smooth batter. Add the

Melt the butter in the pan on a low heat and stir in the sugar. Cook gently together until the mixture begins to go off just the faintest whitish colour. Be careful not to let it darken too much or the sauce will be bitter. Stir in the orange juice and finely grated rind.

Now you need to work fast and methodically or the sauce will be soaked up by the first crêpes before the last few are in the pan. Take the first crêp and lay it prettiest side down in the pan. Fold it in half, then in half again to make a wonky triangle and move it to the side of the pan. Repeat the operation until all the crêpes have been used up. If the first pan is certain to become too crowded to work in, lift each folded crêpe into a second pan as soon as it is done.

Combine the cognac and orange liqueur in a small pan and warm them gently. Pour the liquid over the crêpes, stand back and set light to it immediately. Serve as soon as the flames die down.

A facsimile reprint of parts I and II of *The Country Housewife and Lady's Director*, which first appeared in 1727 and 1732, with a glossary, notes and bibliography by Caroline Davidson, is published by Prospect Books, London, price £18.







# Michael Apted's American gamble

**Coal Miner's Daughter**, the film biography of the country singer Loretta Lynn opens in London next week after great success in the United States. Both the New York and Los Angeles Film Critics voted Sissy Spacek Best Actress for her remarkable impersonation in the title role (including singing all Loretta Lynn's hits). But the real surprise of the film is that it was directed by an Englishman, Michael Apted.

It was Apted who captured the regional basis for *Coal Miner's Daughter*. The film is set in the Appalachians, a poor-white area which is a mystery to most Americans, let alone a Cambridge graduate whose career has been spent at Granada TV and at the BBC. At 39, Apted has become the latest British director to break into Hollywood's charmed circle, joining Alan Parker and Ridley Scott, as well as veterans like John Schlesinger, Ken Russell and Tony Richardson.

"It's taken me a long time," Apted says. "I did it the hard way. I spent six or seven years shuttling backwards and forwards, working in TV in England, making trips to Los Angeles and trying to get something off the ground. In the end, I came out to Hollywood to do another film entirely, that film fell through, and I just happened to be around when Universal fired their original director for *Coal Miner's Daughter*.

"Sissy's support was very important in getting me the job, and I think the film

turned out so well because the two of us formed a common front from the beginning. The original director hadn't wanted to use her. She tells the story of going into his office one day and he had the *Newsweek* cover with Loretta Lynn on his desk. He said, 'This is the material we're dealing with and you're nothing like her'.

"Sissy and I really got together over the issue of her doing her own singing in the film. A lot of people thought we were insane, especially since I wanted to record some songs live on location. I didn't know if she could sing; I was taking a risk. My attitude was that here is an intelligent gifted woman to whom this film is just as important as it is to me, so she says she can sing, she can sing."

Having a harmonious relationship with his star broke a run of bad luck for Apted, whose two previous films were bitter battles. After starting strongly with *Triangle of Shame* and *Stardust*, he ran into problems on *Trick or Treat*, with Bianca Jagger, and *Agatha*, a fictional account of Agatha Christie's disappearance, with Vanessa Redgrave and Dustin Hoffman.

"After *Trick or Treat*, I felt very depressed and worried that I was losing my grip. In fact, if my younger son hadn't been seriously ill at the time I think I'd have had a nervous breakdown. His illness put the work problem into perspective. I'd made a succession of serious errors of judgment—about preparing the script, about casting—which created the situation Bianca exploited to cause havoc. In the end, we had to abandon the film. *Agatha* it was a different story. I felt we were overwhelmed by

outside circumstances. The fact that there was 100 minutes of semi-coherent film at all was solely down to me and Vittorio Storaro, the cinematographer. If we'd quit, they'd have had nothing. And I'm not sure we could have foreseen what happened. I mean, what director, told Dustin Hoffman was going to be in his movie, would say, 'forget it'?

Although clashes between Hoffman's organization and Vanessa Redgrave and others nearly sank *Agatha*, the irony was that for all the horrendous difficulties, the film helped my career. Hollywood had liked *Stardust*. Then I made a film for Warner called *The Squares* which they hated and refused to release in America, so I went back down the ladder three rungs. Then I made *Agatha*, in which I'd directed a major American star, and I went back up four rungs. That's the crazy way the system works."

The success of *Coal Miner's Daughter* has led Apted to move his wife and two sons to Los Angeles. Does this mean he is abandoning Britain for good? "Not at all. It's true that most of the other British directors working in America still live in England—it's a decision we all talk about. It seems to come down to your children. The others want to keep their kids at English schools, we decided to try them in school in the States. Even so, I only made an emotional commitment to America after I knew *Coal Miner's Daughter* would do well. We still have a house in England and I still want to work there if I can find the right material."

"The importance of *Coal Miner's Daughter* to me is that I've proved to the studios I

can do it—not only make the crossover from English to American films, but also make a good film which is a commercial film. People have always said about me, 'we know he can do decent work, but has he any idea what people want to pay to see?' I began to believe it myself. I began to think my personal choice of material was so arty and off-beat, I really didn't know."

A tall, restless man, given to mood pacing about behind his cameras, Apted has recently completed his second American film, *Continental Divide*, a romantic comedy with John Belushi and Blair Brown. "It wasn't my choice of what to do next. I had two projects I really wanted to make which fell through. But I'm a working director and I need to earn a living. I'm not one of those people prepared to sit around for five years between films."

Both in British television and now in his film-making career, Apted is known as a gambler, particularly in how he casts his films. Does he consciously take risks with his actors? "Absolutely. I think if a film is going to be exciting, you must gamble. *Continental Divide* is a nice piece of material, very well written, but unless you have a really unusual ingredient in the casting it's something Glenda Jackson and Walter Matthau could do standing on their heads. Instead, I've got Belushi in his first straight role."

Does he find American actors easier to work with than English actors?

"Not easier, but different. There's a much stronger literary and theatrical tradition in England. In America, they're much more willing to do less, to put their own personalities



Apted (left) on set with Tommy Lee Jones

on film rather than try to find a character. And by doing less to reveal more of themselves. The trouble with England is that people just don't get enough practice in film acting. People I've worked with who are natural film actors, who have a feeling for it, like Adam Faith in *Stardust*—if Adam Faith was American, he'd be terrifically successful, he'd be working all the time.

"I feel comfortable with American material now. There was no great secret to making *Coal Miner's Daughter* work. Appalachia has a lot in com-

mon with parts of northern England or Scotland. There's the same warmth and humour among people banding together in the face of poverty and grinding hard work. As for being a British director in Hollywood, Hollywood traditionally takes great financial risks but small artistic ones, whereas in England we take artistic gambles on very little money. I think the two sides go together quite well and that's why a number of us are starting to succeed here."

Joan Goodman

## Last night's television

### The Life and Times of David Lloyd George

BBC2

#### Michael Ratcliffe

Philip Madoc starts off with one supreme advantage as an impersonator of Lloyd George: he commands a marvellous Celtic pianissimo with which to gain the attention and from which he can, as it were, both rise to the occasion and warm to his theme. You may not believe a word of it at the time, but you will continue to listen in the hope that some possibility of belief might be offered—which sooner or later, of course, it is. It was when Mr Madoc produced this ace for the first time, and the time dividing sincerity from speciousness vanished hopelessly out of sight, that Elaine Morgan's new series came to life.

Otherwise, it was a typical episode. The passing of time was often quite clumsy: the rebellious boy became the young Crickethill lawyer, into his first blackmail marriage, bastard and legitimate son, and his first triumph in court which led to adoption and return to Liberal member of Parliament for Caernarvon Boroughs in 1889. Torches lit the walls of

the castle for the new Prince of North Wales. Presumably we can slow down a bit now: there are eight episodes to come.

So much care has been taken to establish the randy boy's sexual charm that the people's leader rather took second place. You'll find fatal flaws in his lovability and wit, whizzing saucily through God's countryside on a very large bike, and leaving a cry of "the drystone walling above the sandhills." We saw the Welsh landscape—the blue coastline, the luminous beach—entirely through his eyes, and violin, clarinet and flute sang that we were right to do so. Who could possibly resist?

Well, the pining adventure never did—I hope we have seen the last of her—and Margaret Owen, as played by Lisbeth Miles, is going to be a bit of a disappointment. Every inch the difficult, loving, sharp yet curiously dim woman David Lloyd George set his wicked and ambitious young heart on marrying, she makes a fine match for Madoc. There is little yet to suggest that *The Life and Times of David Lloyd George*, produced by John Hefin, will be anything extraordinary but much that it will be going to and interesting. The series is a real deal of pleasure over the next two months.

### The Glazebrook Touch

BBC2

#### Miles Kington

To look at and to listen to, piano tuning is about as exciting an activity as hitch-hiking at night on an empty road. Bob Glazebrook, it was made clear early on, is not just a piano

tuner; he is Steinway's chief technician or, in his own words, "technical consultant to the artistic world of piano playing," and it was interesting to learn just how much personalized adjustment a concert grand needs before a top pianist is happy. But whether you call it piano tuning or technical consultancy, it still looks like fiddling around inside a piano, and Philip Speight, the producer of last night's study of Glazebrook, had the devil of a job to make it look interesting, especially as some of the cutting between sequences was pretty arbitrary.

His solution, most of the time, was to present Glazebrook in company with famous pianists, like a vet trying to calm so many highly strung pedigree cows. An ambition I toy with from time to time is to produce the first serious sex magazine, called "Simulated Ecstasy."

and I now realize that concert pianists would make the ideal models from the neck up. Ask them to test a piano, and the merest scrap of Schubert sends a look of the most unbearable passion drifting across their faces; their heads go this way and that, as if the intensity was kindling a fire in the chest. I thought Peter Frankl was going to burst into tears at one point, and felt I should leave the room out of respect.

What saved the programme was Glazebrook's own cheery down-to-earthness and his love of talk, which, though slow, was full of interest. The best scene by far occurred when, with the nearest concert pianist a hundred miles away, he was called in by Lady Aberdeen to rescue her 90-year-old Steinway and he had to do the family vet act again. I am afraid this piano must be peacefully put down, your ladyship, or put out to grass. The best scene, that is, until ten minutes from the end, Bruce Forsyth erupted on the scene like a blast of fresh air to test the technician's piano. It was a tough and jolly with Bob, a rather good story about the great Ernold Garner playing at the Palladium on a Steinway supported by a beer crate, and to sit at the piano himself and play without the slightest trace of sexual rapture. Nice one, Bruce.

### Perlman/Camino Festival Hall

#### Paul Griffiths

One asks a great violinist to devote himself body and soul to his instrument without remit. To insist also that he stand back from his artistry, that he be able to look at himself objectively and not take himself seriously at all the time, is perhaps to demand too much. The strange of the cast may be indicated by the presence, much appreciated, of such singers as Robert Tear, Donald McIntyre and Gwynne Howell, in subsidiary roles. There are no French singers in the cast, and most of the text is, barely intelligible. *L'Africaine* in English would be a better idea, though internationally celebrated singers might not agree.

Meyerbeer devotees had better flock to this revival, or we will never get the *Eugenes* we long for on stage.

deflate the most moving expressive phrases even as he plays them, or he can leave his audience to share the illusion.

Powers of this kind enabled him to give, as the jewel of this recital, a performance of Debussy's Sonata such as I have never heard before. The contradictions that normally oblige performers to make a choice between a playfulness and genuine emotion, formal orthodoxy and fantasy, could remain as exquisite contradictions. Mr Perlman conceived the whole work as an almost continuous scamper through regions of look-behind-you and enigmas, utterly true in that to Debussy and he was magnificently partnered by Bruno Canino, a musician of comparable delicacy and dexterity.

Naturally, these players were less at home in the E Flat Sonata by Richard Strauss, which offers, instead of Debussy's pretence, pretentiousness. It was the composer's last essay in hyper-Baroque before he decided, thankfully, that his talents lay elsewhere. And it was surely not Mr Perlman's fault that the first movement protested too much and the finale fell apart.

### Goose-Pimples Hampstead

#### Irving Wardle

With memories of Attila's Party and the sight of a leather-coat cocktail bar abutting a suburban fireplace, it is no surprise to find Mike Leigh holding another ghastly get-together for ghastly people.

Vernon, the owner of the flat ("You've got to admit it's me") has invited his fellow car salesman Irving and his lady wife Frankie round for dinner; and on their arrival the theatre is rent with bawling laughter and the merry clink of glasses as they try to outdo each other on the subjects of exotic holidays, haute cuisine and interior decoration, while preserving a strict silence on Vernon's furtive affair with the compulsively fault-finding Frankie. When she at last scores a direct hit by confronting her host with three portions of puerulent supermarket steak, the trio decamp in a rage to dine in Wimbledon, leaving the coast clear for the second party to begin.

Even meaner than the first, it consists of Vernon's lodger, Jackie, a girl croupier who entices a filthy rich Arab round to the flat with the apparent purpose of impressing the landlord with her glittering

social connexions. As there is nobody at home, she marks time by serving Vernon's whisky and making clip-joint small talk to her uncomprehending guest, who is under the impression that he is being entertained in an outlying brothel.

Jackie does nothing to dispel this idea when she mistakes her invitation to dance for a solo performance cue and dutifully throws a thick bankroll on to the mock-leopardskin rug; every note of which she gathers up and clutches into a ball ("Present, is it?"). With those narrative lines, which you can imagine that things go even more vertically downhill when the Wimbledon diners come roaring back full of T-bone steaks ready for a renewed assault on the bar.

As in his earlier previous shows, the playing text is developed from company improvisation under his direction. This leaves me wondering whether he is disappointed that actors should select such defenceless targets; or whether he encourages them to select easily despised stereotypes so as to flatter his public into a sense of superiority. *Goose-Pimples* is often very funny; but it also has "how we live now" pretensions, which would carry more weight if its creators had set their sights above the car salesman gag, or at least gone out and met a few.

The compensation, as always, is that the roles fit the company like second skins. In this case the second skin is a heavily vented comic accents, but their characters do have detailed coherence, and theatrical energy. The liveliest among them are Jim Broadbent, whose Vernon views everything under his roof with a mixture of peevishness; Marion Bailey's twitching, hair-pulling Jackie, whose every line is a move in the status game; and Antony Sher's Arab, stoically relaxed among the luscious Londoners, and creating wonderful farcical cadenzas with hardly a line of intelligible dialogue.

Some of the reviews on this page are reprinted from yesterday's later editions

### Romeo and Juliet Coliseum

#### John Percival

The people who have been writing off Nureyev for the past few years will have to go on doing so for a while longer, judging by the way with which he led Festival Ballet into their Coliseum season on Tuesday in his own production of *Romeo and Juliet*. There were ticket scalpers outside the theatre as evidence of popularity, and on stage a performance to sustain a reputation.

As Nureyev is dancing only three of the performances (and those are already sold out), let me mention the rest of the com-

### L'Africaine Covent Garden

#### William Mann

When Covent Garden presented Meyerbeer's last opera a little over two years ago I for one doubted that we would see Franco Enrieque's production again. It had come, with its settings, from Florence, and presumably had to be returned. Like all Meyerbeer's French operas, *L'Africaine* is a long, elaborate, necessarily spectacular piece to stage; and who knew how many operators of today were at all interested in such a specimen of French grand opera, venerated in the last century, fallen into desuetude in our own?

Those five performances in the winter of 1978 were sold out, so the production has now returned to Covent Garden, but in a much revised cast and a new conductor, David Aderton, who contrives to accompany the cast loyally, draw generous playing from the Royal Opera House orchestra, often of stirring eloquence and loving tenderness in the whole cast. Her lullaby in the prison scene was poised with true dignity and concern, the various duets splendidly sustained, the final monologue, when she inhales the poisonous scent of manzanilla flowers, greatly touching, though marred by noisy chatter from backstage. Also retained from the 1978 cast are Richard Van Allen's dour, pungent Don Pedro and Silvano Carroli's Nelusko, more restrained than before, perilous as to support with the orchestra pit, but enthusiastic in his grand song

than before of Séluka's essential goodness and ability to beside dramatic conflict, even more in command of her music and its French text, which she enunciates best in the whole cast. Her lullaby in the prison scene was poised with true dignity and concern, the various duets splendidly sustained, the final monologue, when she inhales the poisonous scent of manzanilla flowers, greatly touching, though marred by noisy chatter from backstage. Also retained from the 1978 cast are Richard Van Allen's dour, pungent Don Pedro and Silvano Carroli's Nelusko, more restrained than before, perilous as to support with the orchestra pit, but enthusiastic in his grand song



Grace Bumbry (Séluka) and Franco Bonisolli (Vasco de Gama)

"Adamastor, roi des vagues profondes." *L'Africaine* deals with an adventure of Vasco de Gama, either in Africa or India—the interesting could not make up their minds. Vasco himself is now enacted, in sterling picturesque fashion, by Franco Bonisolli, who has the heroic figure and the fluent, forthcoming, winsome tenor voice for his music. He trumped the favourite "O Paradis" with a brilliant, more animated conclusion, and then with his singing in his subsequent duet with Séluka, perhaps the high-point of the evening.

Vasco's Spanish sweetheart, Lucia, is played by Miroslava Muskatova, pretty and dignified but flutery of voice, sparse

with legato until her duet with Séluka, "Par quelle trahison," when the Japanese soprano suddenly revealed unsuspected reserves of power and eloquence. The strength of the cast may be indicated by the presence, much appreciated, of such singers as Robert Tear, Donald McIntyre and Gwynne Howell, in subsidiary roles. There are no French singers in the cast, and most of the text is, barely intelligible. *L'Africaine* in English would be a better idea, though internationally celebrated singers might not agree.

Meyerbeer devotees had better flock to this revival, or we will never get the *Eugenes* we long for on stage.

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### Aldeburgh Trio Queen Elizabeth Hall

#### Hilary Finch

They take their name from the place where they met in 1978, coaching for master classes since then the Aldeburgh Trio have lost one viola player, Atr Arad, to the Cleveland Quartet and gained Nobuko Imai, only to lose her temporarily (indisposition, we were told; she should be back in June), while the 25-year-old Viennese Thomas Riehl steps in.

Mr Riehl's musical empathy and keen intuitive sense have grown quickly in the eight concerts in which he has so far played with his older partners.

Mark Lubotsky and Karoly Borzay. Alert and sensitive to their every mood, his playing in the Schubert B flat major Trio, no less, here, particularly in the Menuetto, with elegant and interestingly coloured timbres of its own.

This first piece was for me altogether the most satisfying of the evening: Mark Lubotsky's winsome, sweetly lyrical first violin caught the fine thread of melancholy which runs through the work, and with his colleagues, spun an exquisitely fine-meshed Andante and a Menuetto whose lingering phrases were always strengthened by a sharp focus in the plangent heart of each perfectly placed note.

That same mercurial quality,

such a persuasive characteristic of Mr Lubotsky's playing, pervaded the Beethoven E flat Op 3 Trio, no less. Here, it tended to give a flighty character to the first and last Allegro movements, with frequently short phrases on non-accented and tied notes. But if the capriciousness was just too fickle, it came into its own in the sweetly intoned, light-footed second Minuet, while the tender sighs of the first were answered by the firm, full-bodied chording.

After the interval, Beethoven's D major Op 8 Trio, while neither the greatest music nor, it truly be told, the greatest playing of the evening, was an appropriate and engaging valedictory serenade

## Arts agenda

At a time when the Victoria and Albert Museum is suffering increasingly from government cuts—the National Art Slide Library is currently due for closure—the museum is sitting on a large sum of unspent money. Moreover, the money is earmarked for regional museums and galleries which are desperately short of funds but are unable to claim the money.

Dr Roy Strong, the V&A's director, said the museum's regional fund was "awash with money" which "we cannot spend" because, under Treasury guidelines, the regional museums have to match every £ granted from the fund with a £ they raise themselves. One of the regional purchase grant of £1,604,000 for 1980-81, the V&A expects to have £400,000 left unspent at the end of the financial year on March 31.

The regional fund used to be exhausted well before the end of each year; in the past two

years bigger government grants have increased the fund, but many of the museums around the country have been unable to benefit because their own purchase funds have been reduced or abolished entirely, as a result of local government cuts.

Many museums have been strenuously seeking alternative funds from local supporters or organisations such as the National Heritage Fund. The V&A thought it was "only by dint of their ingenuity that they are managing to do as much as they are."

There is no sign of the Treasury relaxing the £ for £ rule, but the Government has recognised the position and is considering the possibility of doing another television series of *Rumpole*.

Complications over the American rights to O'Casey's play *Juneteenth* and the *Popeye* have put paid to plans by Dublin's Abbey Theatre to present the work in the United States this summer.

Joe Dowling, the Abbey's artistic director, said the rights had been held by the Royal Shakespeare Company, which is currently presenting *Juneteenth* in London; by the time it had been arranged to transfer the rights, it was too late to stage a large-scale tour.

So instead the Americans will be seeing O'Casey's *The Shadow of a Gunman*, which the Abbey will present at the Belfrage International

Theatre Festival in June, and probably also in Washington, Philadelphia and Boston.

Dowling himself will be in the United States next week to start rehearsals for the American premiere of Brian Friel's *Translations*, which opens at the Manhattan Theatre Club on April 7. (*Translations* receives its British premiere at the Hampstead Theatre Club the following month.)

Soured relations between Britain and Russia over Afghanistan caused the cancellation last year of various visits to Britain by Russian artists, but the difficulties now seem to have been overcome and a British tour is scheduled for this spring for one of the leading Russian orchestras, the Moscow Philharmonic. Under its music director, Dimitri Kizenko, it will tour England and Wales in late April and early May, with a Royal Philharmonic Society concert at the Festival Hall on April 22.

When Belfast's Grand Opera House reopened last year, it meant that Northern Ireland had, for the first time in many years, a large enough venue to host big British touring companies. In June Belfast will see the first fruits of this facility when Scottish Opera takes its production of *Eugene Onegin* and *La traviata* across the Irish Sea for a week of performances.

The cost of transporting a large company, scenery and other equipment across to Northern Ireland makes such visits much more expensive than touring elsewhere in Britain, but Mr Michael Barnes, artistic director of the opera house, believes Scottish Opera will be only the first of many companies to make the trip. Visits by two dance companies are already planned.

Scottish Opera, which will return to Belfast in 1982 with a new production of *The Pearl Fishers*, is also travelling to

Europe this July, visiting the Carinthian Summer Festival, at Villach in Austria, and the Ljubljana Festival in Yugoslavia, with productions of two British operas, *A Midsummer Night's Dream* and *The Rape of Lucretia*.

Mark Medoff's play *Children of a Lesser God*, which is still running on Broadway after nearly a year, will be presented in London this summer. The play, about the relationship between a young deaf woman and the speech therapist she eventually marries, will open at the newly modernized Alford Theatre in August.

NOT TO BE MISSED: Pierre Boulez returns to conduct the BBC Symphony Orchestra in a programme of Bartok (with Daniel Barenboim), Schubert and Varèse at the Festival Hall next Wednesday.

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# HONGKONG

"I am encouraged to hope that when, on February 5, the Year of the Cock dawns and the cock crows it will be proclaiming that Hongkong will find satisfaction if not feast in the year ahead." This was what the Governor, Sir Murray MacLehose, said at the annual New Year dinner of the Hongkong General Chamber of Commerce. He pointed out that Hongkong faced the second year of this decade "against a background of an unprecedented five-year period of sustained growth".

He went on to list its assets: "Our enviable geographical position, our political and fiscal stability, our budgetary strength, the excellence of our external communications and harbour, our financial services, and the continuing ability of our industrialists to expand markets and of our workforce to keep pace with the more complex work called for."

He also paid tribute to "the friendly support of the British Government and the helpful attitude of the Chinese Government". However, there is now a continuing deterioration in Hongkong-British relations after the introduction of the new British Nationality Bill, the sharp increase in fees for Hongkong students studying in Britain and restrictions on textiles.

Instructively, both Chinese communist and Kuomintang newspapers in Hongkong—approved of course by both Peking and Taiwan—have denounced these trends. Despite expected amendments to the Bill, Hongkong residents angrily believe that the new nationality categories will make them second-class citizens.

Happily, Hongkong relations with China have continued to improve since Sir Murray's 1979 visit to Peking, the first by Hongkong Governor since 1949, and his recent discussions in Canton, which fixed the final clampdown on all illegal entrants from China.

The Hongkong-Guangdong border is vanishing. Canton authorities are building a "new Hongkong" type of special economic zone across the border in which Hongkong investment already amounts to \$HK1,250m (£103m). Canton is investing in Hongkong, and Guangdong's exports last year to Hongkong—chiefly food,

Chinese customs officials have installed a hot-line telephone on the border to receive round-the-clock calls from Hongkong residents who are prepared to give warning of attempts to smuggle luxury items into China. Those who cooperate will be rewarded with 15 per cent of the value of any goods that are thereby seized.

During the past two months, smuggled goods worth an estimated \$HK7m were seized aboard more than 20 Hongkong fishing junks.

This pragmatic and mutually rewarding relationship between Canton and Hongkong has removed one of the few impediments affecting the continuing survival of Hongkong as an "independent territory".

It had once been feared that another split between rival Canton and Peking factions—now believed to be unlikely—might have led to a Canton takeover to prove that the southern faction was more truly "revolutionary" than a Peking party rival. The 1967 riots in Hongkong, it was soon learnt, were perpetrated by Canton Red Guards against the wishes and orders of Peking. That can hardly happen again.

The prospects for a safe and happy arrival into 1981, when the treaty leasing the New Territories of Hongkong expires, are now taken for granted. Mr Deng Xiaoping, the Vice-Premier, told Governor MacLehose on his 1979 visit, to "ask investors in Hongkong to put their hearts at ease".

That was not an initial assurance. When the "cultural revolution" was evaporating, a loyal party representative with a visiting fraternal delegation from Hongkong, flushed perhaps by excessive Maoist intake, asked his Peking banquet chairman, a high-ranking Foreign Ministry official, for a forecast of Hongkong's future.

"We have not had time to think about it," the official replied. "Meanwhile I advise you not to worry. Go back to Hongkong and continue to do what capitalists are supposed to do—make money for us and yourself."

The late Lord Thomson of Fleet, after an animated and unbridled hour-long exchange of views with Premier Chou En-lai in 1972, emphasized that he was still

a capitalist and gently sought Premier Chou's advice on whether he should continue to invest in Hongkong. Premier Chou, with a bland laugh, shook Mr Thomson firmly by the hand and said: "I look forward to our next meeting".

One of the new administrative developments and a first step towards real franchise in Hongkong in this year of the Cock will be the introduction of a management committee and an advisory board in each of the 18 districts on Hongkong Island, in Kowloon and the New Territories—which are steadily being resettled as Hongkong's population increases.

The estimated population at the end of last year was 5,147,900, an increase of 130,900 or 2.6 per cent over the total at the end of 1979. The district management committees will consist of government officers from departments most closely concerned with the provision of services in the districts. Members of the district boards, however, will include non-officials either appointed by the Government or directly elected. Each district board will advise its corresponding management committee on matters affecting the well-being of people living or working there. Any registered voter who has been resident in Hongkong for 10 or more years can become a candidate for election.

This democratic drive for a new community spirit was the brain-child of Sir Murray. Most Hongkong residents, and also the Peking Politburo, would like to see Sir Murray's four-year office again extended when it expires in the April 1982. Now 64, he has been Governor since 1971 and there was general agreement with the recent tribute paid to him by Sir Anthony Bowles, the visiting Vice-Chairman of the British Conservative Party, who said he had been "the best governor since the Second World War".

Sir Murray is in good health and it is presumed that, even if he personally wished to retire, he would undoubtedly remain if he was persuaded that this was popular desire and would be of advantage to Hongkong. It is and it certainly would be.

Richard Hughes



Photograph: Robin Laurant

## Wooing the business visitor

It may not be delicate to mention it, but holiday-makers are not the most lucrative visitors to Hongkong. According to the statistics, business visitors are only a small part of the total. Travel agencies are therefore devoting much energy to attracting business conferences as well as keeping up the pressure for more tourist traffic.

With these objectives in mind, there has been a surge in the construction of top-class hotels. Projects in hand will provide more than 4,000 extra hotel rooms by the end of 1983. Last October the luxury 604-room Regent Hotel opened on reclaimed land along the Tsimshatsui waterfront, close to the main shopping centre. By the end of the year four more hotels will have opened on the site—the Holiday Inn Harbour View, the Shangri-La, the Royal Garden, and the Regal Meridian.

Next November a new Peninsula Group hotel, the

Marco Polo, opens in Tsimshatsui. The underground railway (known as the mass transit railway) has already improved the lot of the daily commuter, and has also opened up new areas of Kowloon.

Most visitors to Hongkong come from South-east Asia, followed by Japan, the United States, West Europe and Australia, and they are roughly equally divided between tourists and business people.

Britons made up only 5 per cent of visitors last year, and even with a big increase since the cheaper air fares were introduced last summer, the figure remains relatively small. August was the first month that three airlines began competing on the London-Hongkong route, and there was an immediate 69 per cent increase in traffic over the same month in 1979. For the rest of the year the figures were: September, up 41 per cent; October, up 51 per cent;

November, up 39 per cent; December, up 63 per cent. Cathay Pacific, one of the new airlines on the route, reports that it is making a "substantial" profit on the traffic, although that may be an overstatement. Mr Duncan Black, the head in Hongkong of the Swire group, owners of Cathay, said recently: "We have moved up three flights weekly to five, and we are going daily in July. The only problem is that the fares are a bit low but they will gradually come up."

He added that it was a fact, which was accepted at one of the licensing hearings, that the average cost of producing a seat from Hongkong to London was about £220. "Our low-end seats are being sold for about £160, British Airways and British Caledonian have not themselves in terrible straits by having stand-by fares which they cannot support, such as the £59 fare."

Although £220 is the cost, if you have enough top-end

business you can subsidize the others. He expected that during 1981 the bottom-end fares would have to go up to at least £200.

The introduction of short-tours to China over the past few years is proving a big attraction for visitors to Hongkong. For the equivalent of about £100 you can go to Canton by hovercraft (it takes about four hours) and spend two nights and three days getting a swift taste of life in China. The accommodation is spartan, but the Chinese are making strenuous efforts to build hotels of a high standard.

Overall, Hongkong is maintaining a steady growth in the number of visitors. The increase in 1980 was about 4 per cent over the previous year.

There was a drop last year, however, in the number of Japanese visitors, although the position began to improve around September. The reduction partly reflected the economic con-

ditions in Japan, but the colony also has a bad reputation among many Japanese for standards of service as well as for petty crime.

Christopher Thomas

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### HONGKONG

### Economy

## Happy accidents lessen trade deficit

Hong Kong may be a borrowed place living on borrowed time, as one commentator has aptly described it, but it also has a way of being in the right place at the right time. Precocious accidents of position and timing have accounted for much of the colony's economic success in the past, and last year was no exception.

Just when the gathering clouds of recession and protectionism in Hong Kong's main export markets—for clothing and textiles in particular—were beginning to shorten order books and to increase unemployment, the traditional entrepôt trade with China revived strongly. This helped to keep the visible trade deficit within manageable, although still worrying, proportions.

Equally fortuitous events helped Hong Kong in the previous year. An influx of refugees from China and from Vietnam put a heavy burden on housing and other social services then but it also provided a pool of new labour to keep wage rates at internationally competitive levels.

It is hard to see, however, just what factor may intervene this year to bale Hong Kong's economy out of more serious trouble. Rapidly rising, double-digit inflation and possibly an even wider trade deficit.

Indeed, in his annual budget on February 25 Sir Philip Haddad-Cave admitted that the growth rate of Hong Kong's total exports fell to 12 per cent in 1980 compared with 12.7 per cent last year, with falls in both exports and re-exports. He also forecast a drop in imports but the negative aspects of this is that it implies some slowdown in business activity which could damage even the reduced prospects of the export sector.

Sir Philip predicted a fall in Hong Kong's gross domestic product increase this year, to 8 per cent compared with 9 per cent last year, but this at least is expected to slow the rate of consumer price inflation down from 15.5 per cent last year to about 12 per cent this year. Proposed moves to change the regulatory framework affecting banks and finance companies should also help to bring the runaway money supply back under some sort of control.

As usual, Sir Philip's forecast for the Government's budget surplus was way off track. The estimated surplus for 1981-82 is now put at HK\$9,320m against the figure of HK\$2,900m originally budgeted for. Once again soaring revenues from public sales of land (all of which the Government owns in Hong Kong) have produced a large surplus.

This looks good in the short term but local business leaders are becoming increasingly critical of the Government's refusal to make cheap land available for industrial development. With revenues "flushing" the Financial Secretary was able to reduce corporation tax by half a



Trams are still an important part of transport in Hong Kong.

point to 16.5 per cent and to give concessions on the level of income at which Hong Kong's standard rate of 15 per cent personal income tax becomes payable.

The trade deficit rose by HK\$3,500m last year to HK\$13,400m as imports rose somewhat faster than overall exports and much faster than domestic exports. The saving factor was re-exports (mainly goods and materials imported from China and re-exported), which rose 50 per cent in value.

These re-exports consist mainly of raw materials and semi-manufactures such as yarns, fabrics and clothes, as well as pearls and other precious stones and electrical machinery. How strong they will continue in 1981 depends on whether China's major trading partners retaliate in any way against that country's slowdown on capital goods imports. Hong Kong's trade with its neighbouring Portuguese colony of Macau has also been boosted on the back of the revived China trade, but here again further growth is problematical.

Meanwhile the job creation potential of the entrepôt trade is limited and despite the extra work needed in processing re-exports the number of people employed in manufacturing is actually falling now. This reflects a decline in orders for textiles, plastics, electrical goods and metals in Hong Kong's important markets in the United States and Europe.

This shrinkage began in the second half of last year and has led to increasing numbers of lay-offs and short-time working in manufacture, as well as to reduced real wages at current inflation levels. It has also led some weavers to turn their factories over for property development where profits are much higher and faster.

Hong Kong's internationally recognized financial services remain generally buoyant but

again their job creation impact is limited. The financial sector now employs about 126,000 people against nearly 900,000 in the manufacturing sector and 447,000 in import, export businesses, shops, hotels and restaurants.

Unemployment, at 4.3 per cent (last September), is not yet a serious social problem for the Government at least although with no unemployment benefits available it is hard enough for those unfortunate enough to be out of work) but it may become more so. The Government admits that rising wages and expectations are making the younger generations at least less ready to accept Hong Kong's traditional philosophy of flexibility in employment and wages during recession.

Increasingly, voices within the Chinese community—the overwhelming majority of Hong Kong's (probably more than six million) population—call for a wider industrial base and policies to encourage foreign investment. But the ruling British minority clings tenaciously to its policy of not telling private enterprise what to do and of non-discrimination between foreign and domestic investors when it comes to incentives.

Inflation running at 15.6 per cent in the year to last November—one of the highest increases in South-east Asia—is making life even harder for the unemployed and those on short time. A good deal of this inflation is imported, by the rising cost of fuel and raw material imports. Food prices too are rising rapidly. But a huge increase in Hong Kong's money supply and credit creation last year is certainly another factor.

There is a good deal of debate going on about whether the increase in money and credit is really as bad as it looks. The M3 money supply leapt by 34 per cent in the year to last November and total credit to the economy (bank and quasi-bank lending) by a startling 56 per cent. The official argument is that much of this credit goes off shore and has little or no impact on the domestic

economy, but no one knows for sure how much the official statistic to determine the true trend are only now under preparation.

It does not take even the casual visitor more than a glance at Hong Kong's concrete landscape and its myriad office and apartment blocks to compute where a good deal of the money supply is going, however. It is going into real estate, which continues to command ever higher prices and rents. If demand for office space and luxury flats for expatriate staff were to ease off in line with lowered expectations for trade with China, a lot of banks, and deposit-taking (finance) companies in particular, could get their badly burnt, desperate, fairly low financial gearing of Hong Kong's property sector.

Again though, chance (rather than conscious planning) being what it is in Hong Kong, it looks as though China's offshore oil programme will attract enough oil men to the British colony to prop up the property sector, to some extent at least.

An active property and stock market always go hand in hand in Hong Kong and the Hang Seng index is demonstrating that real estate stockmarket counters can climb as high as the towering blocks sprouting up everywhere. Again, the market and many of the deposit taking companies financing margin speculation would be highly vulnerable if the property market fell badly.

One consolation for middle-income Chinese groups and for those foreigners who do not enjoy the luxury of company flats—the poorer Chinese live in government housing or just shacks, junks and sampans—has been the official control over residential rents introduced (reluctantly) last year. This has kept the rise in the housing component of the consumer price index well below that in food and services.

The opening of the Mass Transit Railway's first phase between Kowloon and Hong Kong island has also made

life easier for millions of commuters, although the cross-harbour fare, at four times the cost of a ferry ride, has probably kept underground trains emptier than they might otherwise have been. Traffic on the MTR also appears to be below projections.

Plans to open a new Island Line (financing it largely from assumed development profits on pre-sold land around the MTR terminals) will cost about HK\$7,000m between now and 1986 (meaning that the MTR will have cost about HK\$20,000m by then) and should ease surface congestion and improve the railways' pay-off. But it will almost certainly push the money supply spiral even higher, too, and cause the now cooling public construction sector to overheat again. Plans for a new airport and for a road bridge linking Hong Kong with Lantau island may well have to wait in view of the surprise decision to extend the MTR so soon.

How fast Hong Kong can improve its standard of living depends (now that the refugee influx has mercifully slowed) on how quickly world trade and traditional industries' order books pick up, as there is slim chance of the Government going for any large-scale diversification of the economy.

Services fortunately remain fairly buoyant—contributing HK\$22,350m to the overall balance of payments in 1980. Tourism is one of the most crucial services and full-fledged Japanese arrivals last year was more than compensated for by an increase in numbers from the United States, Australia and Europe (particularly Britain). But how long tourists will continue rushing to China (by way of Hong Kong), given the high cost of such journeys, and how long cheap air fares to London can survive, remains to be seen.

Anthony Rowley  
business editor,  
Far Eastern Economic  
Review

### Finance

## Stockmarket boom gives false picture

The continuous rise of Hong Kong's stockmarket last year hardly makes it a good barometer of the economy. Its readings were distorted by a ridge of (very local) high pressure in the corporate sector. While the economy was slipping farther into recession, the trade gap widening and inflation rising, the Hang Seng stockmarket index more than doubled to over 1,600, where it approached its record high level of 1973.

This remarkable performance, which has continued into this year, has taken place against a backdrop of seething speculation in the market about corporate takeovers and realignments—some rumoured, some realized. Most notable among these was the short and bloody (for certain shareholders) mid-year battle for control of the land-rich Hong Kong and Kowloon Wharf Company, in which Sir Yue-Kong Pao, the shipping magnate, thwarted Hong Kong Land's bid for control of the company and ended up with 49 per cent himself.

There were a dozen big takeover deals in Hong Kong last year involving cash and scrip issues to a total value of about HK\$1,400m. That the partial bid for Hong Kong and Kowloon Wharf left some shareholders without a look-in elicited a little more than a modest rebuke from Hong Kong's Committee on Takeovers and Mergers. The incident re-emphasized how powerful are some of the business personalities (arguably more so the Chinese than the English) in Hong Kong's economy and that the rules are flexible when their interests are at stake.

Sir Yue-Kong Pao having got control of Hong Kong-Kowloon Wharf (provoking

speculation that he will increasingly shift his assets from shipping into real estate), even more remarkable things followed. In November the two biggest expatriate-run hongks (trading houses), Jardine Matheson and Hongkong Land, closed ranks against the Chinese threat (specifically from property tycoon Mr Li Ka Shing's Cheung Kong Holdings) by strengthening their cross shareholdings. Jardine Matheson ended up with 33 per cent of Hongkong Land and (more important from the point of view of a mutual defensive strategy, as Jardine had become the more attractive takeover counter as a cheap way into Land).

The battle lines between Chinese and British business interests had thus been firmly drawn. The writing was on the wall a year previously when the Hongkong and Shanghai Bank sold out its 22 per cent stake in the (also land-rich) Hutchison Whampoa company to Mr Li Ka Shing, after he and Sir Yue-Kong Pao (who had earlier been interested in Hutchison himself) apparently decided who should go for Chinese (British) target.

The bank has manoeuvred cleverly in all this, doing deals with the Chinese in Hong Kong while continuing to build a higher base outside the colony—in the United States by acquiring Marine Midland Bank and in the United Kingdom through the takeover of the merchant bank Anthony Gibbs last year.

In Britain, or in most other places having a takeover code, both of last year's big control-shifting deals would have involved a full takeover under the rules. But in Hong Kong there was

a—probably well grounded—suspicion that the rules (at present requiring a full bid only after 50 per cent of a company is acquired) would not be tightened until the most powerful business tycoons had completed their strategic realignments.

Sure enough, at the beginning of this year, the Government let it be known that it is now intending to introduce a, compromise, 35 per cent rule at which full take-over bids are initiated. Now the swiftest horses have bolted, there is little reason why the stable door should not be shut.

Although last year's takeovers gave the local stockmarket more of a casino image than ever, the market did at least reassess its role as a source of capital. A score of rights issues during the year by expatriate hongks and local Chinese companies resulted in the raising of just under HK\$6m, which the market was able to take in easily.

To give it its due, the Government does look as though it is trying to do something to introduce a few more meaningful rules into the jungle of corporate dealings. Earlier this year it called in a British company law expert, Mr Barry Rider, a fellow of Jesus College, Cambridge, to look not only at company law as such but at the commercial crimes division, the police and the Attorney General's office as well.

A revision of the colony's company law—the first major one for 50 years—was foreshadowed by a Bill introduced last August into the official Legislative Council, though it has yet to be enacted. The Bill seeks to abolish the much used and abused practice of allowing companies to have corporate

bodies as their directors, a device used by many companies to mask their true ownership. But it dodges the equally important issue of making disclosure of shareholdings and dealings compulsory. Overall, the Bill plays with reform only on the sidelines.

Reform comes slowly in Hong Kong—almost inevitably after the event or after the mishap—but it is proceeding. In December the Government enacted the Money Lenders Ordinance to restrict the activities of, usually Chinese, loan sharks. The legislation makes anyone charging an annual interest of more than 60 per cent on a loan liable to a heavy fine or up to two years in jail. It also requires money lenders to be registered and to keep records of all transactions.

Since then, the local police claim to have broken the activities of a number of loan-shark syndicates which have been charging unreasonably high rates and demanding borrowers' savings account books. The activities of these ubiquitous (often Triad-run) syndicates range from financing gambling to sponsoring stockmarket speculation.

In the banking sector there was little evidence last year of a slowdown in the economy, though mainly because a large part of the huge increase in credit creation was attributable to the booming property sector and to domestic manufacturing. Bank profits were somewhat attenuated compared with 1979. The Hongkong and Shanghai Bank for instance saw net profits rise 19 per cent in the first half of 1980 against 37 per cent in the corresponding period of 1979. But with local "best lending"

(prime) rate at record levels of up to 17 per cent that was not surprising.

The other hongks all reported respectable profits rises with the exception of Swire Pacific which saw its overall profits wiped out by (not untypical for the airline industry) losses at part-owned Cathay Pacific.

Last year saw a number of innovations in the banking sector. Certificates of Deposit denominated in United States dollars were introduced as a means of boosting the local money market and putting Hong Kong in a better position in relation to Singapore's new funding centre for the Asian dollar market. But unlike their highly successful counterparts denominated in Hong Kong dollars, the United States dollar instruments met with only modest success. This suggests that Hong Kong is more a taker than a provider of offshore funds and that (withholding tax ambiguities can still be devil funding activities in the colony).

Whether the launch early this year of United States dollar floating rate notes will be any more successful remains to be seen. Another damp squib so far has been the Hong Kong gold futures market, opened in March last year. The market's strong performance about that time. Most local demand seems to be for the physical commodity rather than the futures and that is where the long-established Chinese exchange excels. Undaunted, however, Hong Kong is still planning to open a currency futures market to add to gold and the still sluggish futures markets in cotton and soyabean.

a Special  
Correspondent



## Printing

# Hurting out of space came the 'Herald Tribune'

Asian journalists had to contend with an invader from Europe when the *International Herald Tribune* came hurrying out of space in September and staked its claim to a place in the world's major growth area.

The *Tribune* which was already selling 2,000 copies in Asia despite arriving at least two days late, is aiming to increase circulation tenfold, although its break-even point is somewhere about 16,000 copies. It is giving itself three years to make it with its Asian edition sent by satellite from Paris and printed in Hongkong.

While it is still too early to forecast whether it will meet its target, although the dismissal of the editor in Paris and a drastic reorganization of the publishing department in Hongkong are hardly happy omens, the paper will face stiff competition.

Its main drawbacks are its price, which is the equivalent of 22p to 33p depending on the country, and its European bias. It will have to make a conscious effort to do well in Asia, a continent which feels both large and neglected in the editorial pages of European newspapers.

Its direct competitor is the *Asien Wall Street Journal*, whose leasing towards business rather than general news coverage is an asset in selling to American and European businessmen.

The *Journal* was sufficiently worried in move its printing times forward. It had to come with the publication of the *Tribune* four hours earlier.

The *Tribune* will have to be patient in waiting to show a profit on its Asian run if the *Journal*'s experience is anything to go by. The *Journal* lost 150,000 a year for three years and only in recent months has moved marginally into the black.

Another problem is distribution throughout Asia. Hongkong is an ideal publishing centre because it has good communications and financial services and is reasonably centrally located among countries with the best sales potential. Publishers suffer little government interference and pay low taxes.

Unfortunately, Asian regional newspapers and magazines suffer from overt and hidden censorship in various countries.

If a publication is lucky, censors may be satisfied with putting printer's ink in large smears down an offending article. Rather more frustrating is when issues lie around at airports, or in the Home Affairs Ministry office, for hours or days without explanation.

An encouraging thought for the *Tribune*, however, is that other publishers are clearly keen to be in Asia. Dow Jones has an interest in

the main newspaper in Hongkong, the *South China Morning Post*, and in the *Far Eastern Economic Review*, the highest selling Asian political and economic magazine, as well as pushing in with its *Asian Wall Street Journal*.

Reader's Digest has announced its faith in the review's rival, *Asiaweek*, by buying 80 per cent of this newer publication.

Several business magazines are published in Hongkong as well as many specialist publications such as *Petroleum News* and *Computer Asia*. They are matched by a range of women's magazines which sell profitably despite printing costs twice as high as those of men's magazines.

Local newspapers abound. There are four English-language dailies although fewer than 100,000 people living in Hongkong speak English as their native language. Two depend on sales to highly educated Chinese; the other two are tabloids aiming for the Chinese reader to improve their English.

There are nearly 100 Chinese language newspapers, but most make little attempt to cover the news. They rely on such features as an advice column, a trouble-shooter, racing tips, specialized classified advertising and even outright pornography.

With reporters' salaries as low as £100 or less a month, journalists in the Chinese press may accept bribes to write stories or keep them out of the paper. This can be especially lucrative where show business personalities are concerned. Because of a loophole in the law, this bribery is not illegal as long as the editor knows, and he is likely to condone the receiving of gifts if that helps to keep wages down.

Until recently Hongkong has been a growth area for publication of books. Among the British publishers with operations or affiliates in Hongkong are Heinemann, Collins, Oxford University Press, Hamlyn and Longman. Apart from Chinese books, the main activity is educational books for Chinese children learning English.

Supporting the printing industry have been substantial orders from Britain and Australia, whose publishers have found it cheaper to print in Hongkong and ship the books back.

Hongkong printers became too successful. The glut of printing orders swamped the printers and pushed up wages, thus eroding the twin advantages of speed and low costs that Hongkong enjoyed. The influx of immigrants from China and Indo-China brought farmers, labourers and businessmen, but certainly not printers, to bolster

this workforce in the industry. The shortage of skilled labour in the printing industry has been compounded by insufficient training facilities.

The worldwide recession brought a cut in overseas orders in the second half of last year, particularly from Britain and Australia. This affected mainly small and medium-scale printing companies.

Printers say publishers in Britain and Australia, worried about dwindling market demand, are holding up orders or placing only trial orders to test their markets. Australia used to take more than 30 per cent of Hongkong's exports of books and pamphlets, but the figure has dropped to 23 per cent.

Hongkong faces protectionism in printing as it does in other industries. Australian printers now enjoy a government subsidy equivalent to a third of the value of the printing order. Canada imposes import duties and American books printed overseas cannot be sold in the United States.

Despite the additional burden of increasing raw material costs Hongkong printers remain generally optimistic. They are depending on a high level of technical skills, high efficiency, ease of communications and still competitive costs to tide them over.

The high standards in the supporting industries, including typesetting, colour separation and camera work, help Hongkong to maintain its lead over Asian competitors such as Singapore and South Korea.

## A Special Correspondent

## Film industry

# Spread of colour TV has not signalled a decline

In the New Territories of Hongkong every last hut and shack is equipped with its own colour television set. In the West, this would surely signal the decline, if not the demise, of local cinema. But Hongkong has one of the most thriving popular film industries in the world, together with India and Japan.

Although it is such a small place, Hongkong, with its population of between five and six million, rapidly on the increase, compares favourably with many of the smaller language areas of Europe—Norway, Holland, Finland and Albania, for instance—which are trying to maintain their own independent cinema production. And Hongkong films can go straight to audiences in Taiwan, Singapore, and indeed all over South-East Asia, not to mention the large Chinese production abroad—in the United States and Britain particularly.

If the enormous potential audiences in mainland China are ever made accessible to them (it has not really happened yet, but with the coming of the one-way travel and fast distinctions, it is always a possibility), the commercial potentialities are limitless. Especially since, although these days almost all films from Hongkong are shot in Cantonese, there exist alternative versions in Mandarin for many of them, and all are subtitled so as to be accessible to any literate person, whichever of the Chinese family of languages he speaks.

Until about 10 years ago, Hongkong films were strictly for Chinese consumption. They did not have any of the obvious cultural advantages presented by the best of Japanese and Indian cinema. Nor any of the cul-

tural pretensions: this was unashamedly popular cinema directed straight at the heart of its reliable mass audiences.

That situation did not change, but the international vogue of the kung fu movie, fuelled by the presence of the first Chinese international superstar, Bruce Lee, demonstrated that Hongkong films' unaffected values as thoroughly professional popular entertainment were effective far beyond the Chinese community.

Though kung fu has faded a little in popularity, it has been replaced by the less imaginative urban violence of the new Hollywood violence cycle—a number of Hongkong-made kung fu movies still find extensive international release, providing a useful open door into world markets which perhaps Hongkong film-makers will be able to find other ways of exploiting.

However, the remaining life of the kung fu film has been steadily rising in Hongkong during the past few years. In 1979, 1980, and though figures for 1981 are not yet available, the indications are that there has been a further increase.

Most of these films fall into one of four clear categories: martial arts, ghost stories, musical romances and broad comedies, usually with the accent on youth. The martial arts films often contain elements verging on the supernatural, but as a rule their limits are strictly defined. The ghost stories, always a staple of Chinese cinema, seem to get gorier every year, with the talents of the studios' make-up and special effects departments

being pushed to the limit in the simulation of gruesome deaths, spectacular enchantments and a particular favourably hideous scarring and decomposing flesh.

The paler charms of the traditional romance with songs (often based on some episode from a classic Chinese novel like *The Story of the Stone*) seem to have been falling rather from favour, though there are always some people ready for a good cry.

The bouncy youth-oriented farces, often featuring assorted Chinese Shirley Temples and Freddie Bartholomews, or Judy Kuan and Mickey Rooney, in carefully graded roles, seem able to absorb everything from lachrymose musical interludes to all-out comedy. An aficionado of *Corry On* or *Chick and Chang* would instantly recognize.

The biggest producer of these films in Hongkong is still Sir Run Run Shaw, working from a studio with backlogs and standing sets such as has hardly been seen in Hollywood for 20 years; enough even in Hongkong the suburban sprawl threatens to engulf it. Compared with the Shaw enterprise other studios—there are nearly 40 of them, mostly on the mainland—tend to have rather the air of Poverty Row, with their few all-purpose sets huddled together in the middle of already built-up residential or industrial districts.

Of late, the rigid studio system of production has been breaking down a little; few film-producing companies can now contrive to keep all their facilities fully occupied round the year with their own product, and so more and more often they hire out to independents. This seems to be creating

an opening for the long-desired new wave of Hongkong cinema. There has been a vocal minority of Hongkong filmmakers who are not satisfied with the fare regularly offered by local film-makers, and feel that the time is ripe for something a little more adventurous. An increasing number of young Hongkong Chinese, also, have been studying at film schools in Britain and America, and coming back with bright new ideas which they want to put into effect.

Last year's Hongkong International film festival (another effective impetus for change in Hongkong cinema) included six first feature films completed that year. Only one, *The Butterfly Murders*, was a big-budget martial arts film (handled with freedom and independence); three were independent productions by new companies, and the other two were financed by their own writer-directors.

Five of the six directors had studied abroad, and the sixth had a background in experimental cinema; five had worked extensively in television, and the sixth was already experienced in documentaries. These films, which were merely a selection from a far larger number of independent and first features produced, strongly suggest that new blood is likely to put new life into the old industry, before it becomes too mummified. They also suggest that the industry as it stands is no effective and confident that it can absorb new talent and new ideas, and can afford to indulge them. The prospects for the 1980s seem to be good not only for quantity of production but also for quality.

John Russell Taylor

## Art market

# Not the place to buy pots

For the casual visitor with an interest in Chinese ceramics, Hongkong is definitely not the place to buy pots. Its shops abound with clever modern fakes, and even respectable dealers feel little compunction in passing them on to the unwary as genuine.

If you are serious in your intentions, you must go with carefully prepared introductions to the few dealers who handle genuine wares, and with enough knowledge to convince them that you are a desirable client. They cannot be found without guidance: their shops may appear to be something quite else, one a junk shop, one a jeweller.

Alternatively, you can time your visit to Hongkong to coincide with the series of sales that Sotheby's holds every spring and autumn. Sotheby's have been holding sales in Hongkong since 1973 and have achieved a remarkable transformation of the market. The sales have been organized under the control of a Sotheby's director, Mr Julian Thomson, a Cambridge mathematician turned sinologist; he is among the most respected connoisseurs of Chinese art to be found today in either East or West.

The first impact of Sotheby's sales in Hongkong was to bring the market in genuine, important ceramics out into the open.

Their policy is not generally to take goods from the West to sell there, but to auction goods that come in for sale locally—genuine, carefully vetted goods. The accent is thus predominantly on goods that appeal to Chinese taste.

Most prized by Chinese collectors are the Imperial Ming and Qing wares; that is, wares made in the imperial kilns between the fifteenth and eighteenth centuries, either for use in the emperor's palaces, or as gifts for devoted friends and attendants. Characteristic are the paper-thin porcelain cups and dishes decorated in colours with flowers and fruit, unregimented by symmetry, but beautifully and carefully placed in relation to the form of the piece to be decorated. Often small, they are the epitome of refinement.

As the years have gone by, the taste of Chinese collectors appears to have moved backwards. Fourteenth and fifteenth century Ming blue and white wares were first sought after with enthusiasm about five years ago.

More recently, and this was particularly underlined by the sale of the great Chow collection last autumn, collectors have moved back to the Song dynasty and have begun to show an interest in Tang.

Edward T. Chow was born

in Jiangsu province in 1910 and began his career as a dealer in Shanghai. He established links with the West at an early age, and in 1949, after a short stay in New York, settled in Hongkong. He retired from dealing in 1968 and settled in Geneva until his death in 1980. He began his personal collection about the age of 20, keeping for himself pieces whose rarity, beauty and perfect condition met his exacting standards.

The sales of the Chow collection were divided between Hongkong and London; another is due to take place in Hongkong this spring. Sotheby's worked in collaboration with Chow's friend of many years, the Paris dealer M. Michel Beurdeley. A fifteenth century Chenghua enamel chicken cup, a tiny piece of exquisite decoration and of extreme rarity, was sold for \$HK4.8m (£401,133). Sotheby's had been predicting a price of about £100,000.

Even more surprising, in a sense, was the result of the London sale which contained the pieces judged by Sotheby's to be of more Western taste. The Hongkong contingent arrived in London in force, and carried away most of the early Ming and Song ceramics. A flower-shaped brushwasher of the Song dynasty realized £330,000; it was a recent

addition to the collection, having been sold by Sotheby's in November 1972, for a mere £4,000. There was an even greater interest in the archaic bronzes—a new field for Hongkong buyers.

Though Hongkong is small it has many rich businessmen, both Chinese and expatriate, and the rich like jewels. Sotheby's did not take long to realize that there was an excellent local market in jewelry to be tapped. It began to hold jewel auctions in Hongkong in 1975, and these have become a regular feature of its auctions.

Things have not always gone well with these sales. On occasion there have been no buyers for important diamond pieces or other standard coloured stones. In one case, however, there has never been any slackening of demand: fine jade jewelry is always hotly competed for. Jade, especially if a fine translucent emerald green colour, is as much prized by the Chinese as are diamonds in the West.

A recent development has been auctions devoted to twentieth-century Chinese painting. Most of the artists now live in Shanghai, Hongkong or Taiwan but worked in all parts of China in pre-revolutionary days.

Geraldine Norman  
Sale Room Correspondent

## Easier times for garrison

continued from facing page

times that number were thought to have safely escaped to Kowloon. Most came overland but many also by sea, either by boat or by swimming.

The effect of this on the tiny garrison was popular. The four battalions which had been taking it in turns to guard the border, for four to six weeks at a time,

found themselves working as hard as their colleagues in Northern Ireland, although without the danger. Wives of the British battalion, whose married quarters are scattered round the colony, complained of family separation on an unprecedented scale. An additional battalion had to be sent from Britain, with specialist support, to help to push back the tide.

There were also operational disadvantages. Troops were spending so much time catching immigrants that they had no time to train for their other internal security tasks, or for the month-long jungle warfare exercises which each battalion undergoes every year in Brunei or Fiji.

The problem has eased for several reasons, and is likely to become still more manageable in future. One reason is that a new high fence has been built on the border. Another is that the Chinese authorities are co-operating more closely than before and are preventing many would-be immigrants from reaching the frontier.

The most important reason however was the recent ending of the "touch base" rule, under which those who escaped the garrison's net were allowed to stay in the colony. The need to have an official identification card to find work has meant that illegal entry is no longer worth the effort and the risk. Nearly 500 a day were caught in the last week before the "touch base" era ended, but the number dropped to 28 or so overnight.

The burden on the garrison should grow lighter as a result of the latest DCA which was signed last October. The need to revise the agreement arose from the effect of rising costs. The new one, while not altering the proportion of costs paid by Britain and the Hongkong Government, has in effect meant that Hongkong will pay more through an improvement in the accounting system.

But Britain in turn agreed to return the second battalion, which had earlier been withdrawn, on a permanent basis. Illegal immigration was not directly the underlying reason.

according to official sources. The growth in population had indicated the need for more troops in case internal security was seriously threatened.

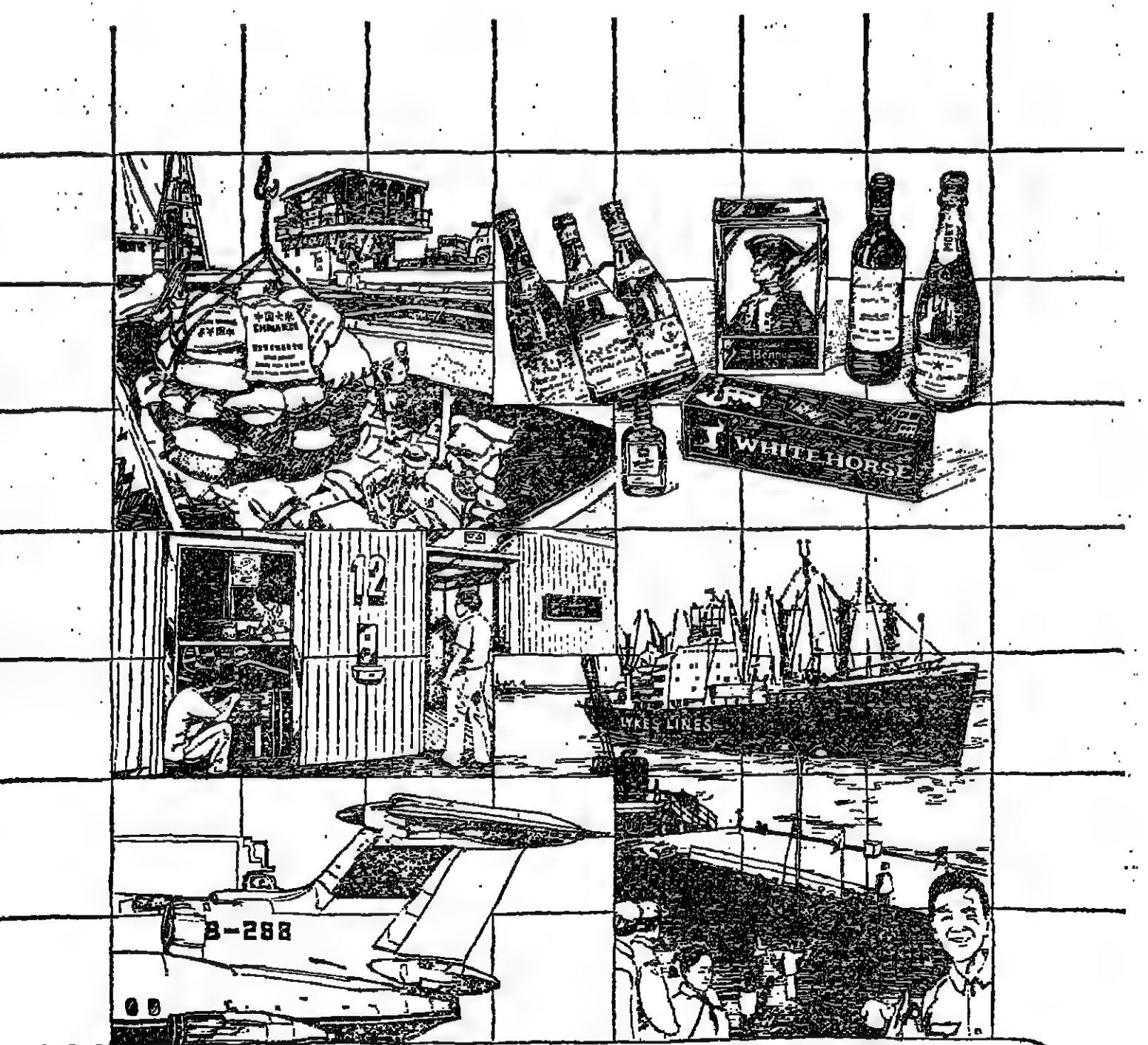
The extra battalion will not be formed until next year. Accommodation has to be found before it can arrive. Initially it will be a fourth Gurkha battalion, but the long-term intention is to draft a British battalion to the colony, partly to increase the opportunity for British soldiers to serve there, and partly to allow Gurkhas a chance to serve somewhere else.

The 1,000-strong Hongkong Military Service Corps, comprising locally enlisted Hongkong recruits who serve as drivers, mechanics or interpreters, is also to be expanded, probably by 50 per cent. It is hoped that this will enable the corps to take on more active duties.

Sources point out that on numbers alone one could make out a case for sending two extra battalions to the colony, not one, but the planned expansion in the size and scope of the service corps should obviate this need. It is hoped that by the end of next year troops should have more time in which to practise their internal security skills, familiarizing themselves with the teeming enclaves of Kowloon, or learning how to land from helicopters on the tops of Hongkong's tower blocks in the hunt for potential terrorists.

They should also have more time in which to enjoy life in the colony. Single and married British servicemen are still waiting for the travel posters to become true.

Henry Stanhope  
Defence Correspondent



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## HONGKONG

## Property

## Second most expensive real estate in the world

Commercial and residential property prices in Hong Kong have tripled since 1977 and prime sites in the Central business districts are now second only to the City of London as the most expensive real estate in the world.

Late in 1980 a site on the edge of the Central area suitable for office development was auctioned by the Hong Kong Government for the record price of HK\$26,245 (£2,125) a square foot. (All land in the colony is owned or leased by the Government, which grants leases to purchasers.) Land costs of this magnitude, coupled with a general maximum plot ratio of 18:1, have pushed up the purchase price of top-class office accommodation over HK\$5,000 a square foot. Residential accommodation has experienced a similar growth rate, and apartments of more than 1,500 sq ft in better residential areas sell for more than HK\$2m.

At the root of this large increase in accommodation costs has been an unprecedented influx of foreign companies, particularly banks, keen to establish a

bridgehead in Hong Kong. For commercial companies the attraction has been the China trade, which was widely expected to grow rapidly after the normalization of relations between the United States and China. Banks and financial institutions have arrived in numbers in the colony as its bond, loan and money markets have grown under the Government's laissez faire economic policies.

Since May 1978 a further 41 foreign banks have opened Hong Kong branches, bringing the total to 115, despite a government moratorium on new licences imposed in August 1979. Even more financial institutions have established deposit-taking companies to tap the vast sums flowing into the colony from neighbouring South-east Asian countries.

According to statistics from the Commissioner for Banking there are 279 such companies operating at present. All these institutions want office space in the highly regarded Central district and their expatriate staff want houses or apartments on the Peak. Until recently almost all such accommodation was rented, but as office rents increased from HK\$10 to HK\$30 a square foot a month and those of high quality residences trebled or quadrupled to HK\$50,000 a

month or more an increasing number of institutions decided to buy their accommodation. This has led to a sharp reduction in yields, which now average 7 per cent compared with 10 per cent four years ago.

The biggest recent purchase was by the Bank of America (Tower) for approaching HK\$1,000m. The history of Gammon House illustrates the wheeling and dealing which is a major feature of Hong Kong's property market.

The building was constructed and owned until 1973 by Jardine Matheson. It was then sold to Jardine's associate, Hongkong Land, the colony's largest property company, for HK\$15m. In 1979 Hongkong Land sold the building to the Carian Group, a mysterious company representing undisclosed South-east Asian interests. In 1980 this company sold Gammon House to another company owned by anonymous foreign shareholders, Bylamsan, for HK\$1,680m, and later in 1980 Bylamsan sold the majority of the 40-storey building to Bank of America.

Not only the top of the market but also the rapid movements. Property speculation rivals the stock markets and horse racing as the favourite local form of gambling. Small investors have been able to participate directly in the property boom because of the unusual method by which developments are financed in the colony. Until recently it was possible for a developer to construct a building while providing less than 10 per cent of the cost from his own funds. Many of today's big local property companies, such as Mr Li Ka Shing's Cheung Kong Holdings and Sun Hong Kai Properties, financed their growth by using government and public funds.

Land was the most expensive item, frequently accounting for 70 per cent of the total cost, but the Government accepted deferred payments spanning several years at attractive interest rates. A developer who owned land needed only before he could pre-sell units in the building to end-users and speculators. They paid a deposit and then made progress payments as the development neared completion, financing the cost of construction.

This method was obviously attractive to developers, but it also captured the Hong Kong public's imagination, and in 1980 queues camped overnight outside property

Many businesses have been discouraged by the difficulty of attracting skilled workers to such locations, and Hong Kong is now falling behind Singapore in its attempts to foster high technology manufacturing, despite relatively low accommodation costs. Local estate agents give a warning that the upward movement of rents and capital values will not continue at its present pace, and several forecasts for 1981 will see stagnation in all but prime office properties. Their reasoning is that supply, which has lagged behind in the past two years, is now rapidly overtaking demand.

Paul Wilson

## Immigration

## Illegal entries have effectively been stopped



British soldiers question an illegal immigrant.  
Photograph: Andrew Ward

Some HK\$3,500m (£289m) is already needed to build enough public housing, hospitals and clinics, schools and industrial training workshops for the 250,000 Chinese estimated to have entered legally and illegally since January 1978. All this would

only maintain existing levels of service, according to the Government.

Observers quickly add that existing levels are already far from adequate. There is also the problem of unemployment. The latest Labour Department figures show that 101,500 people are unemployed—4 per cent of the working population. Although Hong Kong's unemployment rate can hardly be deemed a problem in

international terms, the social effects of even a limited recession in this overcrowded colony cannot be taken lightly. This dip is already evident in the manufacturing sector, which employs 42 per cent of the workforce. Of this, 54 per cent is said to comprise immigrant Chinese youths, most of whom are barely literate and will not find work in a slack labour market. Their discom-

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Corresponde

## Defence

## Easier times for the garrison

The popular impression of a Hong Kong posting as a sunny vacation for soldiers bored with life at home or in West Germany has been outdated by events of the past five years. But the life and hard times of the 6,000-strong garrison should become a little easier during the 1980s.

The garrison was reduced to its present size under the Defence Co-operation Agreement (DCA) of 1976, which also committed the Hong Kong Government to pay three quarters of the cost of maintaining it. Britain withdrew an infantry battalion, an artillery regiment and an armoured reconnaissance squadron, removed one of the two brigade headquarters, and made other cuts in the naval and RAF strengths.

Of those remaining only 1,500 are British. These include an infantry battalion with six (temporarily eight) Scout helicopters of the new £7m tower block at

Army Air Corps; a Royal Navy contingent of nearly 500, with five elderly patrol boats, which are converted Ton-class minesweepers; and 265 RAF men equipped with eight Wessex helicopters. Negotiations are going on to replace the patrol craft with new, purpose-built patrol boats, but the RAF is happy to retain its Wessex helicopters which, it says, are ideal for the job. There is also a Royal Marines small boat section, on temporary reinforcement duties, which might well remain.

The rest of the garrison is made up by three of the Army's five Gurkha battalions, all of which are stationed in the New Territories, as is the brigade or field force headquarters. The British battalion has its home at Stanley Fort, on the far side of Hong Kong Island. But the Commander British Forces (CBF) and his staff have their headquarters in a new £7m tower block at

HMS Tamar, the old naval shorebase. The CBF recently moved there from Victoria Barracks, the leafy compound where his predecessors had administered the pax Britannica for 135 years. The present CBF is Major-General John Chapple. He is a former Gurkha officer, but that is a rare coincidence.

The garrison has several roles, the least convincing of which is to defend Hong Kong against external aggression. The main external threat to the tiny colony is that China, which recognizes Hong Kong de facto but not de jure, might one day press for its return to Chinese rule. There is no imminent danger of the Chinese doing so, but if they did nobody pretends that the garrison could stop them.

The troops also undertake a certain amount of community relations work, running youth camps, building roads and fetching water in times of drought. But this

continued on facing p

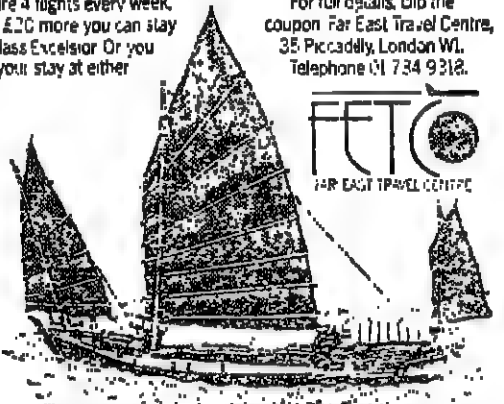
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Local estate agents give a warning that the upward movement of rents and capital values will not continue at its present pace, and several forecasts for 1981 will see stagnation in all but prime office properties.

Their reasoning is that supply, which has lagged behind in the past two years, is now rapidly overtaking demand.

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## Printing

## Hurtling out of space came the 'Herald Tribune'

Asian journalists had to contend with an invader from Europe when the *International Herald Tribune* came hurtling out of space in September and staked its claim to a place in the world's major growth area.

The *Tribune* which was already selling 2,000 copies in Asia despite arriving at least two days late, is aiming to increase circulation tenfold, although its break-even point is somewhere about 16,000 copies. It is giving itself three years to make it with its Asian edition sent by satellite from Paris and printed in Hong Kong.

While it is still too early to forecast whether it will meet its target—although the dismissal of the editor in Paris and a drastic reorganization of the publishing department in Hong Kong are hardly happy omens—the paper will face stiff competition.

Its main drawbacks are its price, which is the equivalent of 22p to 33p depending on the country, and its European bias. It will have to make a conscious effort to do well editorially in a continent which feels by and large neglected in the editorial pages of European newspapers.

Its direct competitor is the *Asiatic Wall Street Journal*, whose leasing towards business rather than general news coverage is an asset in selling to American and European businessmen.

The *Journal* was sufficiently worried to move its printing times forward. It had to cope with the publication of the *Tribune* four hours earlier.

The *Tribune* will have to be patient in waiting to show a profit on its Asian run if the *Journal*'s experience is anything to go by. The *Asiatic Wall Street Journal* lost £500,000 a year for three years and only in recent months has moved marginally into the black.

Another problem is distribution throughout Asia. Hong Kong is an ideal publishing centre because it has good communications and is reasonably centrally located among countries with the best sales potential. Publishers suffer little government interference and pay low taxes.

Unfortunately, Asian regional newspapers and magazines suffer from overt and hidden censorship in various countries.

If a publication is lucky, censors may be satisfied with putting printers' ink in large smudges down an offending article. Rather more frustrating is when issues lie around at airports, or in the Home Affairs Ministry office, for hours or days without explanation.

An encouraging thought for the *Tribune*, however, is that other publishers are clearly keen to be in Asia. Dow Jones has an interest in

the main newspaper in Hong Kong, the *South China Morning Post*, and in the *Far Eastern Economic Review*, the highest selling Asian political and economic magazine, as well as pushing in with its *Asian Wall Street Journal*.

Reader's Digest has announced its faith in the review's rival, *Asiaweek*, by buying 80 per cent of this newer publication.

Several business magazines are published in Hong Kong as well as many specialist publications such as *Petroleum News* and *Computer Asia*. They are matched by a range of women's magazines which sell profitably despite printing every article twice, once in English and once in Chinese, and despite a remarkably trivial content.

Local newspapers abound. There are four English-language dailies although fewer than 100,000 people living in Hong Kong speak English as their native language. Two depend on sales to highly educated Chinese; the other two are tabloids aiming for the Chinese reader to improve their English.

There are nearly 100 Chinese language newspapers, but most make little attempt to cover the news. They rely on such features as the advice column, a trouble-shooting column, racing tips, specialized classified advertising and even outright pornography.

With reporters' salaries as low as £100 or less a month, journalists in the Chinese press may accept bribes to write stories or keep them out of the paper. This can be especially lucrative where show business personalities are concerned. Because of a loophole in the law, this bribery is not illegal as long as the editor knows, and he is likely to condone the receiving of gifts if that helps to keep wages down.

Until recently Hong Kong has been a growth area for publication of books. Among the British publishers with operations or affiliates in Hong Kong are Heinemann, Collins, Oxford University Press, Hamlyn and Longman. Apart from Chinese books, the main activity is educational books for Chinese children learning English.

Boosting the printing industry have been substantial orders from Britain and Australia, whose publishers have found it cheaper to print in Hong Kong and ship the books back.

Hong Kong printers became too successful. The glut of printing orders swamped the printers and pushed up wages, thus eroding the twin advantages of speed and low costs that Hong Kong enjoyed. The influx of immigrants from China and Indo-China brought farmers, labourers and businessmen, but certainly not printers, to bolster

this workforce in the industry.

The shortage of skilled labour in the printing industry has been compounded by insufficient training facilities.

The worldwide recession brought a cut in overseas orders in the second half of last year, particularly from Britain and Australia. This affected mainly small and medium-scale printing companies.

Printers say publishers in Britain and Australia, worried about dwindling market demand, are holding up orders or placing only trial orders to test their markets. Australia used to take more than 30 per cent of Hong Kong's exports of books and pamphlets, but the figure has dropped to 23 per cent.

Hong Kong faces protectionism in printing as it does in other industries. Australian printers now enjoy a government subsidy equivalent to a third of the value of the printing order. Canada imposes import duties and American books printed overseas cannot be sold in the United States.

Despite the additional burden of increasing raw material costs Hong Kong printers remain generally optimistic. They are depending on a high level of technical skills, high efficiency, ease of communications and still competitive costs to tide them over.

The high standards in the supporting industries, including typesetting, colour separation and camera work, help Hong Kong to maintain its lead over Asian competitors such as Singapore and South Korea.

A Special Correspondent

## Film industry

## Spread of colour TV has not signalled a decline

In the New Territories of Hong Kong every last hut and shack is equipped with its own colour television set. In the West, this would surely signal the decline, if not the demise, of local cinema. But Hong Kong has one of the most thriving popular film industries in the world, together with India and Japan.

Although it is such a small place Hong Kong, with its population of between five and six million, rapidly on the increase, compares favourably with many of the smaller language areas of Europe—Norway, Holland, Finland and Albania, for instance—which are trying to maintain their own independent cinema production. And Hong Kong films can go straight to audiences in Taiwan, Singapore, and indeed all over South-East Asia, not to mention the large Chinese communities abroad—in the United States and Britain particularly.

If the enormous potential audiences in mainland China are ever made accessible to them (it has not really happened yet, but with the constant blurring of once hard-and-fast distinctions, it is always a possibility), the commercial potentialities are limitless. Especially since, although these days almost all films from Hong Kong are shot in Cantonese, there exist alternative versions in Mandarin for many of them, and all are subtitled so as to be accessible to any literate person, whichever of the Chinese family of languages he speaks.

Until about 10 years ago, Hong Kong films were strictly for Chinese consumption, since they did not have any of the obvious cultural advantages presented by the best of Japanese and Indian cinema. Nor any of the cul-

tural pretensions: this was unashamedly popular cinema directed straight at the heart of its reliable mass audiences.

That situation did not change, but the international vogue of the kung fu movie, fuelled by the presence of the first Chinese international superstar, Bruce Lee, demonstrated that Hong Kong films' unaffected values are thoroughly professional popular entertainment were effective far beyond the Chinese community.

Though kung fu has faded a little in popularity—to be replaced it seems by the less imaginative urban violence of the new Hollywood vigilante cycle—a number of Hong Kong-made kung fu movies still find extensive international release, providing a useful open door into world markets which perhaps Hong Kong film-makers will be able to find other ways of exploiting.

However, the remains just the salt on the gingerbread. Production of feature films has been steadily falling for years. In 1979, 91 features were made; in 1978, 109; and though figures for 1980 are not yet available, the indications are that there has been a further increase.

Most of these films fall into one of four clear categories: martial arts, short stories, musical romances and broad comedies, usually with the accent on youth. The martial arts films often contain elements verging on the supernatural, but as a rule their limits are strictly defined. The short stories, always a staple of Chinese cinema, seem to get gorier every year, with the talents of the studios' make-up and special effects departments

being pushed to the limit in the simulation of gruesome deaths, spectacular enchantments and a particular favourite: hideous scarring and decomposing flesh.

The paler charms of the traditional romance with songs (often based on some episode from a classic Chinese novel like *The Story of the Stone*) seem to have been falling rather from favour, though there are always some people ready for a good cry.

The bouncy youth-oriented farces, often featuring assorted Chinese Shirley Temples and Freddie Bartholomews, or Judy Garland and Mickey Rooney's, in carefully graded sizes, seem able to absorb everything from jachymose musical interlude to all-out comedy any aficionado of *Carry On* or *Cheeky and Chong* would instantly recognize.

The biggest producer of these films in Hong Kong is still Sir Run Run Shaw, working from a studio with backlots and standing sets such as has hardly been seen in Hollywood for 20 years; though even in Hong Kong the suburban sprawl threatens to engulf it. Compared with the Shaw enterprises other studios—there are nearly 40 of them, mostly on the mainland—tend to have rather the air of Poverty Row, with their few all-purpose sets huddled together in the middle of already built-up residential or industrial districts.

Of late, the rigid studio system of production has been breaking down a little: a few film-producing companies can now contrive to keep all their facilities fully occupied round the year with their own product; and so more and more often they hire out to independents. This seems to be creating

an opening for the long-desired new wave of Hong Kong cinema. There has been a vocal minority of Hong Kong film-makers who are not satisfied with the fare regularly offered by local film-makers, and feel that the time is ripe for something a little more adventurous. An increasing number of young Hong Kong Chinese, also, have been studying at film schools in Britain and America, and coming back with bright new ideas which they want to put into effect.

Last year's Hong Kong International film festival (another effective impetus for change in Hong Kong cinema) included six first feature films completed that year. Only one, *The Butterfly Murders*, was a big-budget martial arts film (handled with freedom and independence); three were independent productions by new companies; and the other two were financed by their own writer-directors.

Five of the six directors had studied abroad, and the sixth had a background in experimental cinema; five had worked extensively in television, and the sixth was already experienced in documentaries. These films, which were merely a selection from a far larger number of independent and first features produced, strongly suggest that new blood is likely to put new life into the old industry, before it becomes too mummified. They also suggest that the industry as it stands is so effective and confident that it can absorb new talent and new ideas, and can afford to indulge them. The prospects for the 1980s seem to be good not only for quantity of production but also for quality.

John Russell Taylor

## Art market

## Not the place to buy pots

For the casual visitor with an interest in Chinese ceramics, Hong Kong is definitely not the place to buy pots. Its shops abound with clever modern fakes, and even respectable dealers feel little compunction in passing them on to the unwary as genuine.

If you are serious in your intentions, you must go with carefully prepared introductions to the few dealers who handle genuine wares, and with enough knowledge to convince them that you are a desirable client. They cannot be found without guidance: their shops appear to be something quite else, one a junk shop, one a jeweller.

Alternatively, you can time your visit to Hong Kong to coincide with the series of sales that Sotheby's holds there every spring and autumn. Sotheby's have been holding sales in Hong Kong since 1973 and have achieved a remarkable transformation of the market. The sales have been organized under the control of a Sotheby's director, Mr Julian Thomson, a Cambridge mathematician turned sinologist; he is among the most respected connoisseurs of Chinese art to be found today in either East or West.

The first impact of Sotheby's sales in Hong Kong was to bring the market in genuine, important ceramics out into the open.

Their policy is not generally to take goods from the West to sell there, but to auction goods that come in for sale locally—genuine, and in vetted goods. The accent is thus predominantly on goods that appeal to Chinese taste.

Most prized by Chinese collectors are the Imperial Ming and Qing wares; that is, wares made in the imperial kilns between the fifteenth and eighteenth centuries, either for use in the emperor's palaces, or as gifts for devoted friends and attendants. Characteristic are the paper-thin porcelain cups and dishes decorated in colours with flowers and fruit, unregimented by symmetry, but beautifully and carefully placed in relation to the form of the piece to be decorated. Often small, they are the epitome of refinement.

As the years have gone by, the taste of Chinese collectors appears to have moved backwards. Fourteenth and fifteenth century Ming blue and white wares were first sought after with enthusiasm about five years ago.

More recently, and this was particularly underlined by the sale of the great Chow collection last autumn, collectors have moved back to the Song dynasty and have begun to show an interest in Tang.

Edward T. Chow was born

in Jiangsu province in 1910 and began his career as a dealer in Shanghai. He established links with the West at an early age, and in 1949, after a short stay in New York, settled in Hong Kong. He retired from dealing in 1968 and settled in Geneva until his death in 1980. He began his personal collection at about the age of 20, keeping for himself pieces whose rarity, beauty and perfect condition met his exacting standards.

The sales of the Chow collection were divided between Hong Kong and London; another key to its success in Hong Kong this spring. Sotheby's worked in collaboration with Chow's friend of many years, the Paris dealer M. Michel Beurdeley. A fifteenth-century Chinese porcelain chicken cup, a tiny piece of exquisite decoration and of extreme rarity, was sold for HK\$4.8m (£401,133). Sotheby's had been predicting a price of about £100,000.

Even more surprising, in a sense, was the result of the London sale which contained the pieces judged by Sotheby's to be of more Western taste. The Hong Kong contingent arrived in London in force, and carried away most of the early Ming and Song ceramics. A flower-shaped brushwasher of the Song dynasty realized £330,000; it was a recent

addition to the collection, having been sold by Sotheby's in November, 1972, for a mere £14,000. There was even an interest in the archaic bronzes—a new field for Hong Kong buyers.

Though Hong Kong is small it has many rich businessmen, both Chinese and expatriate, and the rich like jewels. Sotheby's did not take long to realize that there was an excellent local market in jewelry to be tapped. It began to hold jewel auctions in Hong Kong in 1975, and these have become a regular feature of its auctions.

Things have not always gone well with these sales. On occasion there have been no buyers for important diamond pieces or other standard coloured stones. In one area, however, there has never been any slackening of demand: fine jade jewelry is always hotly competed for. Jade, especially if a fine translucent emerald green colour, is as much prized by the Chinese as diamonds in the West.

A recent development has been auctions devoted to twentieth-century Chinese painting. Most of the artists now live in Shanghai, Hong Kong or Taiwan but worked in all parts of China in pre-revolutionary days.

Geraldine Norman  
Sale Room Correspondent

## Easier times for garrison

continued from facing page

times that number were thought to have safely escaped to Kowloon. Most came overland but many also by sea, either by boat or by swimming.

The effect of this on the garrison was unpoplar. The four battalions, which had been taking it in turns to guard the border, for four to six weeks at a time,

found themselves working as hard as their colleagues in Northern Ireland, although without the danger. Wives of the British battalions, whose married quarters are scattered round the colony, complained of family separation on an unprecedented scale. An additional battalion had to be sent from Britain, with specialist support, to help to push back the tide.

There were also operational disadvantages. Troops were spending so much time watching immigrants that they had no time to train for their other internal security tasks, or for the month-long jungle warfare exercises which each battalion undertakes every year in Brunei or Fiji.

The problem has eased for several reasons, and is likely to become still more manageable in future. One reason is that a new high fence has been built on the border. Another is that the Chinese authorities are co-operating more closely than before and are preventing many would-be immigrants from reaching the frontier.

The most important reason however was the recent ending of the "touch base" rule, under which those who escaped the garrison's net were allowed to stay in the colony. The need to have an official identification card to find work has meant that illegal entry is no longer worth the effort and the risk. Nearly 500 a day were caught in the last week before the "touch base" era ended, but the number dropped to 28 or so overnight.

The burden on the garrison should grow lighter as a result of the latest DCA which was signed last October. The need to revise the agreement arose from the effect of rising costs. The new one, while not altering the proportion of costs paid by Britain and the Hong Kong Government, has in effect meant that Hong Kong will pay more through an improvement in the accounting system.

But Britain in turn agreed to return the second battalion, which had earlier been withdrawn, on a permanent basis. Illegal immigration was not directly the underlying reason.

according to official sources. The growth in population had indicated the need for more troops in case internal security was seriously threatened.

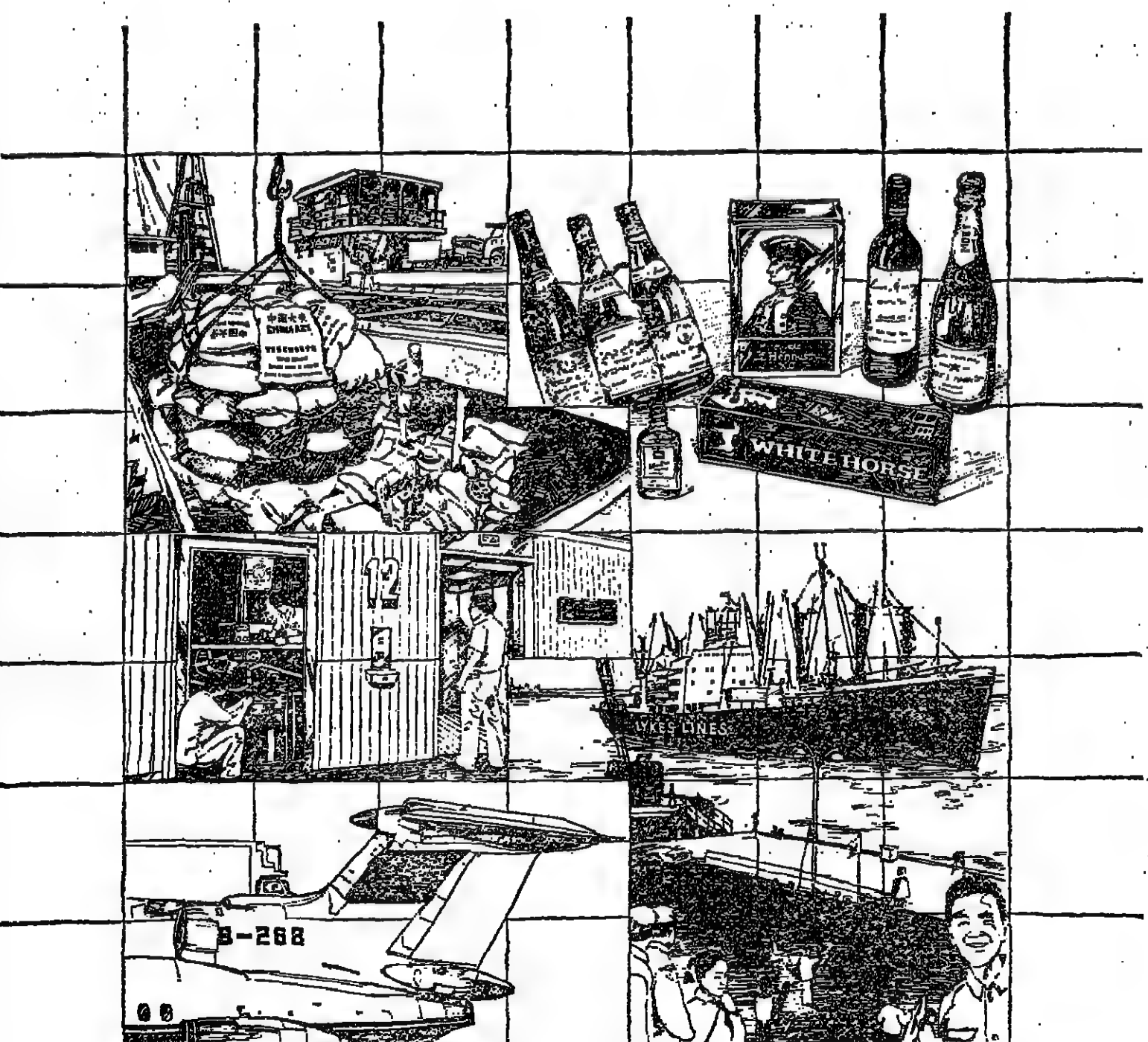
The extra battalion will not be formed until next year. Accommodation has to be found before it can arrive. Initially it will be a fourth Gurkha battalion, but the long-term intention is to draft a British battalion to the colony, partly to increase the opportunity for British soldiers to serve there, and partly to allow Gurkhas a chance to serve somewhere else.

The 1,000-strong Hong Kong Military Service Corps, comprising locally enlisted Hong Kong recruits who serve as drivers, mechanics or interpreters, is also to be expanded, probably by 50 per cent. It is hoped that this will enable the corps to take on more active duties.

Sources point out that no numbers alone one could make out a case for sending two extra battalions to the colony, not one, but the planned expansion in the size and scope of the service corps should obviate this need. It is hoped that by the end of next year troops should have more time in which to practise their internal security skills, familiarizing themselves with the teeming enclaves of Kowloon, or learning how to land from helicopters on the tops of Hong Kong's tower blocks in the hunt for potential terrorists.

They should also have more time in which to enjoy life in the colony. Single and married British servicemen are still waiting for the travel posters to become true.

Henry Stanhope  
Defence Correspondent



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## Rates: picking up the bill for rough justice

On Saturday, the Conservatives hold their local government conference, with a full hand of Government ministers to rally the councillors to



There are, however, a large number of Conservative as well as Labour councils which have failed to comply with the Government's targets. Local authorities have been set different targets—a reduction of three per cent over spending targets this year and more recently a reduction of 5.6 per cent over spending in 1978-79. They also have their individual grant related expenditure assessments (GREAS) which are designed to give each council an indication of the cost of

That shift has to be paid for, and London is worst hit, losing an estimated £200m. Mr Heseltine provided a safety net to prevent too big a drop, but has

tion. A likely overspending in the year ending March '31, 1981, and the withholding of grant as a penalty, makes the 5.6 per cent reduction target even less accessible.

Taking all these into account, CIPFA has estimated that rates will on average in-

**Christopher Warman**  
*Local Government  
Correspondent*

latest fashion in longevity and you will live to be a hundred or more, as has been demonstrated beyond all possibility of argument by the fact that white mice fed on the fat have

imagined immortality  
... the condition  
is depicted as

An even more horrible fate befalls a couple who have stumbled upon the elixir in one of William Hemlock's novels.

\_\_\_\_\_

## Going through the motions in Moscow


\_\_\_\_\_

\_\_\_\_\_

But if the Party line was correct and was to remain unchanged, there had to be some explanations: why was the Soviet economy in trouble, why was Poland in crisis, why was

Mr Brezhnev : still on the way to

that undefined Utopia.



ation, the Party has attempted to reassure him that the ship of state will sail on, though into rougher waters, without deviating, with the same crew and the same captain. No one expected otherwise.

terror to them, and no wonder :  
At Ninery they lose their  
Teeth and Hair ; they have  
at that Age no Distinction of  
Taste, but eat and drink . . .  
without Relish or Appetite.  
. . . In talking they forget the

**To no guy that's nine hundred  
years?**  
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**Ronald Butt is ill.**



## Fulham versus Palace

be used for the benefit of the people of the borough, which implied a mixture of education and recreation. Commercial uses were expressly forbidden.

posed, will meet powerful opposition from the conserva-

Virtually everything he sells can be found in the fields and forests of Britain. Here they

bourg, began his first day on a suitably international note.

ligne", which for those less

...and run our triumphant again.

caster; *sitting duck*—a CB broadcaster who operates from home

Alan Hamilton

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## COST OF RIGIDITY

It has taken far too long for the Government to pay proper attention to complaints from industry that, in comparison with its overseas competitors, it was being charged unfairly for its energy supplies. There have been many points of confusion. A rising pound has badly distorted the size of relative price changes and industry has, perhaps understandably, tended to overstate its case. The report of the task force set up on an initiative of the National Economic Development Council now confirms that most industrial customers did not suffer a disadvantage from the pricing of their supplies of gas and electricity against their European competitors. For bulk users, accounting by volume for some 50 per cent of industrial electricity consumption and 15 per cent of industrial gas use, the position was sharply different.

The task force makes no thorough attempt to differentiate between the effects of the rising pound and other factors, but makes it quite clear that the strength of sterling is not the only way in which British industry has appeared, on the figures it has produced, to be put at a competitive disadvantage. Some of these are a result of genuine cost advantages in the countries concerned, such as the success of the nuclear and hydro power programmes in France. Others reflect different marketing policies, such as the large discounts awarded to large users of electricity in Germany. Subsidies given to coal producers on the Continent have been far greater than those received by the industry in the United Kingdom, and the tax on heavy fuel oil here, at £8 a tonne, remains among the highest in Europe.

Whatever the details of each individual case, industry may be forgiven for feeling aggrieved when the richness of Britain's oil and gas resources has helped damage its international competitiveness through the strength of sterling while competitors overseas receive cheaper energy supplies. The Government has become a victim of its own over-rigid policies of insisting that electricity production covers its cost and gas is priced in relation to its alternatives. By always allowing pricing aimed at energy conservation and a reduction of the public sector borrowing requirement to dominate its thinking, it has put industry at a disadvantage in a way which a more flexible attitude could well have avoided.

## Debate on economic priorities

From Mr Peter Lloyd, MP for Farnham (Conservative)

Sir, Mr Peter Hordern, MP, is right to wonder (February 27) where our colleagues who wrote to you (February 25) urging a new industrial strategy think they are going to get the money—assuming they place any importance at all on that side of the equation.

However, their demand for lower interest rates plus additional government-funded investment, abolition of the National Insurance surcharge and extended job release, added to the increased subsidies just committed to British Steel, British Leyland and the National Coal Board, would achieve one of their objectives—the rapid depreciation of sterling as foreigners lost confidence in the Government's determination to keep the economy in balance. This would no doubt be relief to exporters in the short run but at the cost of reviving inflationary pressures from which everyone, including the most financial exporters, would lose in the end.

## Can Westminster decide for Canada?

From Lord Alport

Sir, Anyone who has the interests of Anglo-Canadian relations at heart and a proper appreciation of contemporary constitutional reality within the Commonwealth must be deeply concerned at the implications for the Westminster Parliament of the present controversy over the "partition" of the Canadian Constitution.

The "request and consent" convention under the Statute of Westminster was intended to prevent the British Parliament from passing legislation which purported to take effect in and override the powers of the sovereign Parliament of any independent Commonwealth country. It was a soundly established principle, and it is not surprising that it has been so.

## Jordan opposition to the 'option'

From the Ambassador of Jordan

Sir, Having read Christopher Walker's five articles regarding the occupied West Bank (especially the one headed "How the Jordanian option might just work"—February 23), one cannot help but feel the utmost concern regarding events and "facts" being created in the occupied Arab territories. Despite the universal condemnation of the Israeli settlement and colonization policy in the occupied Arab territories, your correspondent reports the feverish, frantic rush by the Israeli government to plant additional settlements to plant additional settlements.

## PARLIAMENT AND THE PUBLIC PURSE

A year ago the Government published a Green Paper on the Comptroller and Auditor General in which it confirmed his interpretation of his role. In other words, it said that he was right to extend his work beyond a narrow financial audit so as to examine the effectiveness of particular programmes. But it insisted that it would be unwise for him to go beyond that to consider the merits of the policies themselves. But now the Public Accounts Committee, who are served by the Auditor General, have produced much more radical proposals. The Committee would like his activities, and those of the Exchequer and Audit Department for which he is responsible, to be extended in two ways: to examine the merits of the policies themselves as means of achieving their objectives and to cover all bodies in receipt of public money.

Without such knowledge it is impossible for Parliament to exercise any effective scrutiny over public expenditure. Indeed, one of the principal weaknesses of British parliamentary practice at the moment is that expenditure is authorized virtually on the nod. A Select Committee on Procedure is considering how this defect can be remedied. The best procedure would be for the new departmental select committees to be made responsible for scrutinizing the details of Consolidated Fund Bills at committee stage. The question would then be how to equip these committees with adequate advice. There could be a strengthening of the present arrangements, whereby each select committee chooses its own specialist consultants. Or

there could be a new audit office which would do the job for all of them. In that case it ought to serve the select committees directly, not have its tasks apportioned by the Public Accounts Committee, as this report suggests. One of the weaknesses of this report is that it does not relate its proposals sufficiently to the departmental select committees. To expand the PAC by giving it subcommittees, at which the report hints, would be an absurd duplication of effort.

## Royal employment

From Lord Graham

Sir, Through the present congratulations for Prince Charles and Lady Diana Spencer an occasional clue of what one must suppose is current wisdom keeps popping up. Prince Charles ought to have a "proper" job.

This attitude to the monarchy bears a similarity to one of our modern superstitions that landowners stride about their acres while the trees burgeon, the grass grows and every spring the countryside returns itself to its best storybook appearance without anyone actually doing anything.

## Swoop on the provinces?

From the Managing Director of Associated Newspapers

Sir, Your correspondent, Lady Eton (Letters, March 2), writes of the "swoop" of the Associated Newspapers Group on the rural press, and hopes to have an equally successful national Sunday in due course. Our regional newspapers have always been separate from the national press, and the least among the achievements of this policy has been the preservation of local independence. Some local newspapers might not otherwise now exist. One would have hoped that Lady Eton would have been aware of this. Since 1971 she has been a party to the sale of the Cleveland Mercury to the Bristol Evening

Post, in which we had at that time a "controlling" interest.

To correct a further inaccuracy, the papers at Plymouth, Cheltenham, Gloucester, Torquay and Exeter (Letters, March 2) were either owned by the Associated Newspapers Group or by the Harmsworth family long before the 1949 Royal Commission and have not, therefore, since fallen to the Associated Newspapers Group. The keystone of our policy as publishers of successful regional newspapers is that local managements have no interest to serve other than those of their readers and their communities. It would be to recognize that to be a newspaper's first and only proper task. It happens also to be good for the staff to work in such an environment of stability and security. Perhaps Lady Eton would care to confirm the truth of all this by talking to her colleague, Mr Andrew Breach, Chairman of the Bristol Evening Post.

## THE 'DESAPARECIDOS' OF ARGENTINA

The arrest in Buenos Aires of several leading campaigners for human rights is disturbing. Later this month General Roberto Viola is due to take over from General Jorge Rafael Videla. While some might argue that one general is much like another—not least in Latin America—General Viola is widely expected to try and project a more positive image. Five years of military rule have brought an atmosphere of repression and fear, with abductions, killings and mysterious disappearances. While General Viola, like General Videla, will have less power than the military commanders who make up the ruling junta, he will wield considerable influence as Head of State, and has made it clear that he intends to adopt a less aggressive attitude towards political opponents.

When the army took over in 1976 from the fast collapsing government of Maria Estela Perón, it did so on the grounds that Argentina was facing anarchy, and that growing violence had brought the country to the brink of civil war. Five years on, terrorism has indeed been greatly reduced. But this has been achieved by means of remedies at least as oppressive as the disease to which they are applied. There is no apparent prospect of the introduction of democracy, and the return to civilian rule promised by the generals always seems to be beyond the ever-receding horizon. According to the report produced by the Organisation of American States last year, so many people have simply disappeared without trace in Argentina that the numbers are incalculable, although the OAS puts the figure at between five and twenty thousand.

The authorities disclaim responsibility for these disappearances, and disown the bands of thugs who carry out kidnappings, but human rights organizations—including Amnesty International—lay much of the blame at the door of the regime. If the thousands of desaparecidos (those who have disappeared) many if not most are thought to be dead.

## Hostels for homeless

From the Director of Church Army Housing and the Manager of the Salvation Army Housing Association

Sir, The "dispute" between the Church Army, Salvation Army and the Campaign for the Homeless and Rootless (Report, February 27) is not over the £12 million the Government has allocated for hostels of all types.

At their recent press conference during the Church of England's General Synod, the Church Army and Salvation Army were talking of the particular crisis facing many of their worst-off homeless people, and were saying that they needed £20 million very quickly—quite separate from any share of the £12 million already allocated—under 2,500 homeless men and women were not to be put on the streets.

## Historic buildings

From Mr Tom Greaves

Sir, Can anyone blame the Chinese for demolishing their embassy buildings in Portland Place, when they have only to look at this once noble street and reflect on the damage done at the hands of successive generations of British architects and their clients, including the RIBA?

As a schoolboy in the early thirties, intent on an architectural career, but with a love of London at a time when large chunks of Georgian London were disappearing every year, I watched with horrified amazement the destruction of yet another bit of Portland Place, to build the institute's new headquarters.

The most distinguished person in the world of conservation and restoration—Dr Bernard M. Feilden, Director of the International Centre for the Study of Preservation and Restoration of Cultural Property (ICCROM)—has estimated the annual rate of government support to this body is £28,000 and this has just been withdrawn. Recently we were obliged to spend over £250,000 on refurbishing some small station buildings which are not required by us and are not occupied. Before they had been listed the original estimate for demolishing parts of the buildings and refurbishing the rest was of the order of £30,000. The greatly increased expenditure can be laid entirely at the door of a small local preservation society which was successful in persuading the Department of the Environment to list the building. In the case of buildings of significant importance in architectural or historic terms such expenditure can, of course, be properly justified because of the need to pass on our national architectural heritage to future generations. But it is hardly justified in the case of buildings of only marginal interest locally to a few people, when the excessive costs to our hard-pressed business are not matched by national or local contributions. The excess sum just referred to is equal to our national contribution to ICCROM for the next eight years.

## Social Democrat policies

From Mr W. W. Brewin

Sir, Social Democrat MPs claim there is no case for resubmitting themselves to the electorate on leaving the Labour Party as they continue to support the manifesto on which they were elected. Their justification (not mine). They claim that it is the Labour Party which itself has deviated.

In supporting a manifesto defeated at the last election and pledged to continue the divisive policy of confrontation imposed over the past

few years, which is largely responsible for the present state of our country, how can they claim to represent a new mood sweeping the nation?

The new mood is one of abhorrence of party politics to excess. A wish to recapture something shown as a means of crisis. To claim that the last election manifesto of the Labour Party is a recipe for this is ludicrous. A Labour Party of the 1960/70s under the title Soc-Dem is certainly not what the country seeks.

Do the "gang of twelve" support the Labour Party election manifesto divide as it is—as they claim—or do they truly represent something different, something unique, a potential party reflecting the new national mood—as they claim?

Whichever policy they favour there is no denying they continue the old political tradition of "double-speaking".

It is surely ironic that, while the minister is adding to the list of buildings of more recent date, those at the other end of the time-scale are being gradually destroyed. Is a listed building only to be allowed to survive at the whim of a private developer, or a local authority?

It is reasonable to ask that there should be a national clearing house for our priorities in the field of conservation and preservation, especially during the present period of deep recession?

## Wizards that were

From Mr A. M. Christie

Sir, I am surprised at the mystery made of the superlative "wizard" in Philip Howard's article today (February 23). As a schoolboy aeroplane-fancier some 50 years ago I would have been in no doubt about its origin. The Westland Wizard was by far the most glamorous aircraft of its day and (so far as at least one schoolboy was concerned) stole the show at a Hendon RAF display in 1930 or thereabouts.







## New Books

# The kid from Brooklyn

The Art of Maurice Sendak

By Selma G. Lanes

(The Bodley Head, £25)

All other Americans and most visitors from abroad are of one mind that New York is New York, and not much to do with the rest of America, but if there is one place even nearer Europe than Manhattan, it is Brooklyn. Maurice Sendak, who was born there in 1928, and whose parents came from near Warsaw before the First World War, remembers feeling that you had not properly entered the United States at all until you had crossed the East River into Manhattan and plunged between the fabulous towers and windows to see a first-run movie having (even better) been taken out to eat. Brooklyn was just a shield from the plains of Poland after that. It was rarely dull, however, even at the time, or if it was, the dullness seemed interesting in retrospect. Like Rosie's story of how her grandmother had died that very morning:

And I believed Rosie—we all did. Then she went into a pantomime of what had happened in the early dawn hours when they heard furniture collapsing and mirrors breaking and this rather heavy woman gasping and then rushing about. They hung her head out of the window. They gave her the Kiss of Life. All to no avail.

Now during the telling of this story, the street comes the grandmother, two big shopping bags in hand, her carpet slippers flapping, and she goes to the steps cursing the kids violent in Italian, brushing them aside with her feet, scolding into the house. They all heard her, then said "Tell us again, Rosie".

As an illustrator of children's books, Sendak is in a class by himself today, and one of the things that makes his work so distinctive is that, within it, a child's Brooklyn of the Thirties and the great graphic traditions of Europe meet. An increasingly

rich and allusive achievement from *A Hole is to Dig* (1952) to *Outside Over There*, to be published this May, unfolds a landscape formed by sources ranging from Albrecht Dürer to Oliver Hardy to Philipp Otto Runge, Phoenix Baking Soda, William Blake and Mickey Mouse. "Children's book illustration" begs every question about the nature and range of Sendak's work, which in turn begs a good deal more about childhood itself, and whether there is any significant difference between it and the state conventionally accepted for the last two hundred and fifty years or so as being grown up.

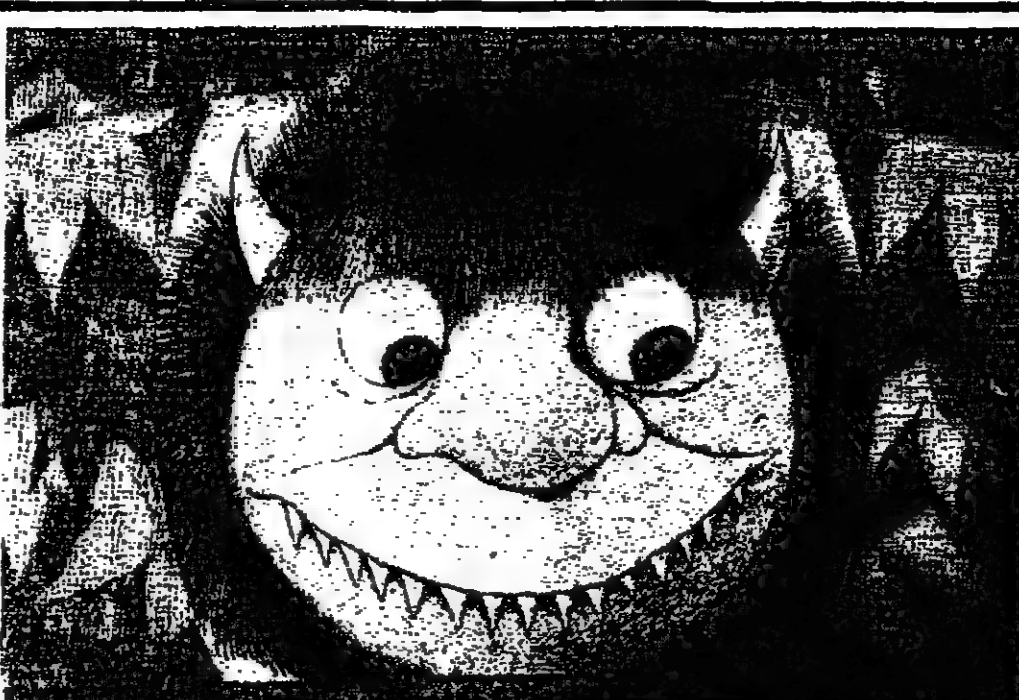
He is, by any definition, a contemporary master of the pen, ink and wash—an exhibition at the Astorian acknowledged as much—and he uses a dazzling, classical technique, largely self-acquired from the study of artists like Bewick, Rowlandson, Cruikshank, Caldecott and Ludwig Richter, to contain all the impulsive, and remembered, intensity of a Jewish childhood. Besides the Grimms, Sendak has illustrated the work of many other writers but it is on his own picture-books—*The Sign on Rosie's Door* (1959), *Where the Wild Things Are* (1963) and *In the Night Kitchen* (1970) that his reputation rests. It is hard to think of another artist in the genre whose work is so autobiographical, so personal, so political and so much more certain, sooner or later, to be given the critical and psychoanalytical works.

The Art of Maurice Sendak is large, heavy and expensive. It is gorgeously illustrated with fine, beautiful, touching and downy, his own material, some of it previously unpublished, and it has been beautifully printed in Japan. But it is not the work. It is a work in itself, rather, a book that comes from New York, published by Harry N. Abrams: *The Art of Maurice Sendak* by Christopher Finch (1973). Studies like these of

popular American art are generous with visual information, enlightenment and design, but soft on critical intelligence and the great world outside. They lack curiosity and perspective. Finch wrote a handsome biography, and Miss Lanes has not gone as far as that, but she is a good friend of the artist and writes of Sendak's life and work with solemnity and excessive circumspection. Lazy New York words like cerebral and wondrous, phrases like "crucial variables" and "Sendak's lexicon of pleasures" merely obscure the portrait of a man whose work makes an immediate impact and who has been widely seen as a nineteenth century artist who happens to work in the post-Preudian age. The result is neither art-history nor good journalism.

It is not enough, for example, to pass on, and implicitly share, Sendak's indignation when John Updike alludes to the "inviting derriere" of the floating boy in a review of *Flap* by Night (1976). The allusion was mischievous but not irrelevant; nakedness plays a central role in Sendak's work, to the pronounced horror, from time to time, of parents and librarians though not, presumably, of their children. Infant sexuality informs perhaps his most beautiful and innocent book to date, *In the Night Kitchen*, without in any way lessening its innocence, humour or perfection of touch, whilst for Charlotte Zolotor's *Mr. Rabbit and the Lovely Present* (1962) he devised a delicate dream of high summer in which an elegant and resourceful white rabbit and a serious little girl share a chaste but faintly erotic afternoon.

*Outside Over There*, for which Miss Lanes reproduces fascinating preliminary sketches, and which completes a trilogy of classic pictures and books with *Wild Things* and *The Night Kitchen*, goes even further and proposes that even



Curtain design for the opera *Where the Wild Things Are* 1979.

babies are whole and complete individuals who experience terror and pleasure and the puzzlement of thinking in a thoroughly realized way. When travelling in Germany and Britain for his Grimm drawings, Sendak spent invaluable time in galleries and collections: his babies, grasping for sunflowers, are bruiser descendants of Runge's Huisenbeck children in Hamburg, and other allusions, in no way insisted upon, include sheep by Samuel Palmer, ships from Caspar David Friedrich, a Marianne Wonder Horn and *The Magic Flute*.

Theatre and music have entered Sendak's work. He has designed a *Flute* for the Houston Opera and a *Cunning Little Vixen* for Washington. *Where the Wild Things Are* has itself been turned into an opera by Oliver Knussen; a Mozart book is gestating. Since the Metropolitan Opera in New York has taken over David the Hockney with whom Sendak shares perfectionism, wit,

a creative assessment of the past and a passion, somewhat almost now, for furious cross-hatching—Covent Garden or the Welsh National Opera should retaliate by asking Sendak to do *Hansel and Gretel*: he has already done the Grimm story. We should not miss on the exchange, for Sendak's fastidious and slightly chilling response to the German folk idiom of the Romantic age would complement Humperdinck's late nineteenth century sumptuousness startlingly well. All the books I have mentioned are in print from The Bodley Head. Apart from *Where the Wild Things Are* (£3.50), *Higgly Piglet* (£1.50), *In the Night Kitchen* (£3.95) and *The Juniper Tree* (£2.50), I think the funniest is *Hector Protector* (1963, £2.95) and one of the most touching and best written *The Sign on Rosie's Door* (1959, £2.50), which draws on the richness of August in Brooklyn most directly and seems to

suggest the fantastical childhood of a Tennessee Williams heroine. *Some Swell Pup* (1976) falls not because it shows a small dog defecating on the carpet, but because it is too long—a rare lapse in judgment—and because its use of the strip cartoon is awful and leaves one feeling it would have been better done by Charles Schulz.

The genius of Peanuts is never mentioned by Miss Lanes, neither are *Sesame Street* nor *The Muppet Show*, both of which would not have taken the form they did without the example of *Where the Wild Things Are*. *Wild Things*, of course, not only read books, they smell them and eat them. The round, yellow eyes would swirl with ecstasy at the pictures in *The Art of Maurice Sendak*: but when they came to test their pointed teeth on the text, they would find it short of fresh ingredients and fundamentally unyielding.

Michael Ratcliffe

# Swann song

Remembrance of Things Past

By Marcel Proust

Translated by C. K. Scott Moncrieff and Terence Kilmarin (Chato & Windus, vols 1, 2, 3, £17.50, £19, £18.50).

It is only too easy to say that Proust's *Remembrance of Things Past*, "for the late-comer to assume the *beau rôle*". Thus on an almost apologetic note he prefaces this desperately-needed revision of Scott Moncrieff's 1922 version—"almost a masterpiece in its own right". But behind Scott Moncrieff's translation, there is a masterpiece in its own right—Proust's—not, however, as it appeared in the muddled and incomplete *Nouvelle Revue Française* edition, on which Scott Moncrieff had performed to work, but as it now stands in the much-corrected and augmented *Pléiade* edition of 1954. There was therefore great need for revision, now that Proust's text has been largely liberated from the confusions and misreadings engendered by the novelist's untimely death and his terrible manuscripts, with their incessant, often illegible, corrections, their insertions between the lines, down the margins, up the margins, and along the multi-folded paper, he glued in.

In addition to using the much fuller and more reliable *Pléiade* text, Kilmarin translates, as *Addenda*, many of the very interesting passages, relegated, for a variety of reasons, to "Notes and Variants" or "Appendix" of the *Pléiade* edition. He also follows the *Pléiade* model in offering at the end of each volume a synopsis for ease of reference. In the myriad volumes of the earlier translation, tracking down a reference could be a nightmare though Spalding's "Reader's Handbook" to Proust (revised a few years ago to include *André Gide* and *Marcel Schwob*) provided a synopsis under separate cover—along with a very useful Index-guide. Who, one wonders, will now undertake the task of re-indexing? (Proust's *Remembrance of Things Past* is a masterpiece of literary and historical references, and useful reminders of parallels and repetitions—as well as inconsistencies—within the novel. Though not weighed down by scholarly apparatus, this is a scholarly job well done, and handsomely produced in good bold print.)

Kilmarin rightly stresses that the translator's loyalty is to the original, but he is nevertheless offering a reworking of the Scott Moncrieff version, followed by "with slight emendations" the *André Gide* version of the final volumes. It is this, of course, to be compared with a completely new translation, when Scott Moncrieff is emboldened as an English classic. But if one's loyalty is entirely to Proust, one may still regret that the Scott Moncrieff version (despite its semi-classic prestige, its many felicities, and its monumental status as a labour of love) still stands between us and a new English Proust.

With all due deference Kilmarin points out that Scott Moncrieff's prose "tends to be purple and the precious". Indeed, and countless English readers have, in consequence, believed Proust's tone to be precious, affected, and even wantonly periphrastic, though, as Kilmarin observes, "the truth is that, complicated, dense, overloaded though it often is, Proust's style is essentially natural and unaffected, quite free of preciousness, archaism, or self-conscious elegance." Proust's prose indeed bristles with logic and imperiousness, and if sometimes there is difficulty, it is difficulty that arises not from a leisurely rambling through leafy lanes of language, but from the passionate, purposeful thrusting of a way through the labyrinths of experience.

Scott Moncrieff, as Kilmarin

again readily acknowledges, says, contrary to popular mythology, very close to text (the one he had). But saying too close can be—and was—dangerous, especially when too little allowance is made for essential differences between the two languages, like, for instance the gender-agreement that, in French, guide the reader to the right connections, or the useful differentiation of the relative pronoun into *qui* and *que*, subject and object, a differentiation reflected in "who" and "whom" but not available to "that" or "which". When such morphological signposts are taken away, the reader, when faced with the original word-order, may not know which way to turn. On the other hand, the tiniest change has astonishing importance in so dense a prose as Proust's. Displacements in the word-order, inattentiveness to some of Proust's pointers, and even apparently trivial shifts of vocabulary can seriously damage the intricate unity of the text.

In the rendering (in both versions) of Proust's *silencieuses du ciel reflétés* (silent expanses of the reflected sky) as "the silent reaches of a mirrored firmament", what devastation—quite apart from the compositional of the nouns—wrought by that positing "a" Proust is writing of the sky reflected in the water, not of an indelible, ineffable "firmament".

Kilmarin's revision, however, removes a good deal of the affectation of the earlier version, and the frequency of unlovely words like "behold", "ascent", "albeit", "hitherto", "shew", has been reduced. There are many excellent clarifications of passages that in the earlier version were of almost insuperable opacity. Small corrections like the placement of "du Deffand" by "du Deffand", of "wrapper" by "dressing-gown", "watch-bracelet" by "wristwatch" and a sterile "Medusa" (no snakes!) by "sterile jellyfish", improve readability. Many of the French words that littered the earlier version—"a sort of *virement*" (in an accountancy context), or "above" (as replaced by the English "transfer") and "barker" while "Monsieur your father" gives way to "your distinguished father". Kilmarin also eschews the misplaced delicacy that centres the carriage quite like a "you could smell it a mile off" and opts for one that "reeked of harlot".

Jupien's thoroughly indelicate *Vous en avez un gros pard* to which Scott Moncrieff forms into the mincingly coy "Aren't you naughty..." is now more robustly rendered as "What a big butt you have!" On the other hand, the *verve* of the preface, some insensitivity in Scott Moncrieff's "the abdomen", becomes, in Kilmarin, with scant respect for anatomy or plausibility—"her stomach". There is still, in both translations (though much less in Kilmarin's) some insensitivity to the reader's occasional need for a word to indicate stress and meaning. A sentence which runs: "I could not regard as wasted hours in which..." causes an unnecessary hiccup in the reading, and the consequence, reader may often feel, when clauses or nouns accumulate, the lack of a steering "or" to improve his navigation, or a friendly "and" to help him over the style. Kilmarin has, however, done much easing of tortured syntax, though some sentences still languish on the rack and has removed some comic *gaucheries*, like "metaphor leaves you deaf and French history cold" whose passing one is tempted to mourn. As winter turns (as it surely must) to spring, it will console many to know that a whole summer's reading is now portably available in three English volumes packed with poetry, wit, and humour, and penetrating observation both of the external scene and of the landscapes of the heart.

Valerie Minogue

# Bagehot as rogue elephant

The Backbench Diaries of Richard Crossman

Edited by Janet Morgan (Hamish Hamilton/Cope, £15)

Dick Crossman was my first, and only, political hero. Of course he could be, and frequently was, totally infuriating. In the *New Statesman* of the early 1970s he came just as many tears and tantrums as he had in the Wilson cabinet of the late 1960s. But, beyond everything and above all, he was a born political teacher. In this last published volume of his *Diaries*, he finally vindicates his claim to be the "Bagehot of our age".

Not since Lord Beaverbrook's trilogy on the political infighting of 1914-23 has so much light been thrown on a particular period of British parliamentary history. In a way that may be surprising, for in this period (stretching with gaps, from 1951-63), Dick Crossman was in no sense at the centre of the political stage. He was a "rogue elephant" backbencher tramping with a splendid impunity on the susceptibilities of friends and foes alike. It was also a time when he multiplied his own difficulties by valiantly (but vainly) trying to box the compass between the two participants in politics and simultaneously a newspaper commentator on the passing political scene. "What we get here, therefore, is essentially a view from the wings, but one that illuminates the nature and character of British politics even more sharply than the later volumes written from the vantage point of 'being a Labour cabinet minister'.

In one respect, of course, we are very fortunate. Although he held no place in Labour's parliamentary hierarchy, Crossman—through being a Bevanite—was thrust into the cockpit of the controversy that erupted when Labour's government in the 1950s. It was the roughest power struggle in Labour's history (one, incidentally,

that makes today's quarrel between the *Left* and *Right* craters and the leadership look like a decorous game of croquet). Crossman, with his well-known zest, plunged into the Bevanite battle from the beginning and, mainly through his predilection for being his own man rather than anyone else's, succeeded, in the end, in getting bruised almost equally by both sides.

The figure of Aneurin Bevan dominates the first half of this volume. Initially Crossman is to be found among the most ardent of his disciples; but soon, as he comes to fall out with Bevan, he becomes a fallen idol. The *Diaries* indeed, that Crossman provides of himself, upward, petulant, at moments almost childish—is a salutary corrective to the piece of court portraiture enclosed in Mr. Michael Foot's two-volume biography. Nor that Crossman does not supply an equivalent antidote elsewhere. The impression of Hugh Gaitskell that emerges here—inflexible, insensitive, intolerant—is rarely reconciled to the picture of Gaitskell enclosed in Mr. Philip Williams' massive single-volume biography of the year before last.

It does not, in fact, require much perception to understand why Crossman was never regarded as a political trustworthiness of colleagues or dependable of allies. He suffered from the terrible defect in a politician of always wanting to blurt out the truth as he saw it. To his diary he could do that with even less inhibition than to his friends. And, alas for the parliamentarians' trade union (who can be expected to resent this), volume just as much as the *Diaries* did the ones published earlier; he was also gifted with one of the sharpest pens ever wielded by a politician.

In particular, as Enoch Powell noted reviewing the last of the *Cabinet Diaries*, he is regarded as a judge of character. It is impossible to read this volume without being astonished at how quickly and

unerringly Crossman got to the heart of the matter—virtually from the beginning, he spotted as the *Left* the Bevanite enterprise. Nor are the lesser vignettes any less vivid, even when they are vicious. At the end of the 1950s, for example, the late Ray Gunter was widely hailed as the coming man among Labour politicians; an actual, real, live trade unionist who might yet prove to have it in him to *exorcise* the various factions within the party. Crossman, however, was never deceived. To him Gunter was merely "a great watery slob who drinks a bit too much and whose statesmanship consists of being two-faced and backing the winning side."

Hardly perhaps the kind of language that one normally expects to find in political memoirs—but then the great merit of Crossman is that he never shrinks from presenting politics in the raw. In that area, there remains, however, one enormous paradox about the man himself. No one who ever knew Dick Crossman can possibly have doubted his determination to cut off the respectable facade of parliamentary democracy and show the public the truth. But did he ever quite realise the truth about himself?

Certainly, nothing struck me more forcibly than this volume than just what a privileged position Crossman occupied, even as an idiosyncratic backbencher, in the British power structure. His own party leaders, Clement Attlee and Hugh Gaitskell, his political opponents like Edward Boyle, Iain Macleod or Lord Harewood, society hostesses from Lady Hartwell to Lady Melchior—all regarded him in a quite different light from any routine left-wing backbencher. Worse, he himself enjoyed—even revelled in—being within the citadel. The final ironic twist, I fear, is that the great democratic advocate was more than a bit of an oligarch.

Anthony Howard

# From the dark

Towards the Mountain

By Alan Paton

(Oxford, £12.50)

Despite Alan Paton's reputation as one of apartheid's most outspoken critics, there is nothing in his very fine autobiography, *Towards the Mountain*, that will seriously embarrass his fellow white South Africans.

The reason is simple: Mr Paton lived almost half his life "in the dark", and the book barely proceeds beyond this point, ending before apartheid became official policy.

Instead it provides an altogether fascinating insight into how *Cry, the Beloved Country*, a modern classic of compassion, came to be written by that most unlikely of candidates, someone whose chief ambition at the time was to become South Africa's Director of Prisons.

Paradise, and apparently excluded those emotional ties with family servants that bring conflict and confusion to what passes for a normal white South African childhood. He makes some reference to his family's servants, but never as individuals.

Indeed he continued to be scarcely conscious of black people for many years to come, and when, in his mid-twenties, Trenchard made him "feel responsible for society", it was a feeling restricted to the white sphere.

"Least of all," Mr Paton declares, in one of the book's most revealing passages, "I accept the belief which was later to become the driving force of my life, that all these societies (black, white and brown) were in fact one society. I use the word accepted, because this particular belief has to be accepted by an act of will."

Then at 32, after a severe illness, he gave up scientific teaching, and inspired by a book on the post of reformatory principal, hoping he'd not be put in charge of the one for black boys. He was, and made an enormous success of the job through a number of radical changes.

His life changed radically too. Not only was he now in contact with black people on a very different basis, but he was also meeting whites whose caring attitudes greatly impressed him. More-

over, as a member of an Anglican Diocesan Commission in 1941, he was forced to "look at South Africa as I had never looked at it before."

# Poison in jest

The Crystal Bucket

By Clive James

(Cope, £9.95)

Clive James' lecture from Clive James' columns in *The Observer*. It covers three years of his television reviews and ends in December, 1979, with a reference to the death of Joyce Grenfell. "Her humour," he says, "was so devoid of malice that some people called her sentimental. She wasn't. She was just greatly good."

That is one of the few really nice things Mr James says about anybody. He himself is never interested in seeming even slightly good, either on the page or on the screen. But, in real life there would be nobody more benevolent or more vulnerable. So I am sure malice has little to do with the stinging personal remarks he hands out.

I imagine most of his victims can take it. Sir Harold Wilson probably cares very little about the futile gestures he is accused of making with an empty pipe. Sartre is no longer around to worry, poor chap, that "he only ever had one good idea in his life". The King Edward VIII is equally unavailable to comment on his alleged "hidden shallows".

To turn to the living: most of those who suffer from the Clive James treatment are probably too big to bother. Including Max Bygraves ("No more fun than a sinus wash"). Eric Porter ("As usual, over-enthusiastic like

# Quick guide

Nathalie Sarraute and the War of the Wonders by Valerie Minogue (Gollancz, University, £10). Sarraute is a pioneer of the *nouveau roman* in postwar France. In the inter-linguistic wrestle with words and life, she uses rhythms and pat-

terns of language as in poetry not to describe people, but to create reality. Valerie Minogue is a senior lecturer at Queen Mary College, and author of a good study of Proust. Her book decodes and illuminates five novels by Sarraute, all available in English, and also discusses her most recent works.

Flora Annie Steel, by Violet Powell (Heinemann, £8.50). Flora Annie Steel (née Webster) sailed for India in the

1860s as the young bride of an Indian Civilian. She busied herself effectively in the welfare and education of the people in her husband's district, that the Government complained of her intransigence, but made her Inspector of Schools throughout the Punjab. Her novel of the Indian Mutiny, *On the Face of the Waters*, and others made her a celebrity. Violet Powell captures the spirit and the charm of this splendid woman.

ROBIN LANE FOX

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Allen Lane













# Technical rally

ACCOUNT DAYS: Dealings Began, March 2. Dealings End, Today. \$ Contango Day, March 16. Settlement Day, March 23  
\$ Forward bargains are permitted on two previous days

**THE SCOTCH OF A LIFETIME**  
**The Buchanan Blend**

[illegible]



Talbot brings forward plan for Horizon, page 24

**Stock markets**  
FT Ind 500, up 3.8  
FT Gilt 68.66, down 0.18

**Sterling**  
\$2.1985, down 75 pts  
Index 98.7, down 0.8

**Dollar**  
Index 100.6, down 0.7  
DM 2.1355, down 225 pts

**Gold**  
\$464.50, down \$8

**Money**  
3 mth sterling 121/121  
3 mth Euro \$16 1/2-16 1/2  
6 mth Euro \$16 1/2-16 1/2

**IN BRIEF**

**Hopes rise of new agreement on cocoa**

The chances of a new international cocoa agreement coming into effect rose after what delegates to a London meeting of the International Cocoa Organization (ICCO) described as a "conciliatory statement" by the Ivory Coast.

Delegates agreed to adjourn the meeting until April 6, so avoiding a decision on what to do with the \$220m (£100m) buffer fund which has technically been in liquidation since the expiry of the old cocoa agreement in March 1980.

Informal discussions will be held on the rule for operating the buffer stock, should the agreement reached in Geneva last November come into operation.

The main area of discussion is likely to be the minimum buffer stock intervention price of 110 cents a pound. The Ivory Coast, the world's biggest cocoa producer and exporter, has argued that the floor price is too low. Without the Ivory Coast's participation it is difficult to ratify the agreement.

**Worker participation**

A big increase in attempts by employers to consult with their workforces is revealed in a British Institute of Management survey. About 90 per cent of companies employing 1,000 or more had some form of participation scheme.

**Writ for British Steel**

British Steel Corporation has been served with a writ by the steel unions which seeks to prevent it from implementing the McGregor "survival" proposals for the Vauxhall plant works near Swansea.

Steel protest, page 24

**NEB 1,500 pc profit**

The National Enterprise Board has sold its 30 per cent shareholding in Automation and Technical Services (Holdings) to Taseco Investments, a new investment company, for £806,250. This represents a record percentage profit for an NEB disposal of 1,512.5 per cent, based on the April 1978 investment of £50,000.

**Lonrho's Fraser bid**

Lonrho's £158m takeover bid for the House of Fraser stores group was approved by a majority of Lonrho shareholders yesterday. Lonrho was bidding 150p a share, but if the Monopolies Commission allows, it will be free to come back with a new offer.

**BNOC Dubai venture**

The British National Oil Corporation will take an equity share in an oil concession in Dubai Emirate of the United Arab Emirates held by Atlantic Richfield's Arco Dubai subsidiary. The Gulf News newspaper said.

**Wall Street higher**

The Dow Jones industrial average closed at 971.44, up 5.42 on Wall Street yesterday. The \$=SDR exchange rate was 122.609 while the £=SDR rate was 0.553540.

**PRICE CHANGES**

Rises	Falls
Burnett's share 45p to 988p	Ultrasat 13p to 571p
Diploma 7p to 175p	Unitever 8p to 488p
Eurotherm Int 10p to 303p	Unitech 8p to 256p
Miss Bros 10p to 193p	Wadkin 7p to 83p
Ransome Sims 15p to 156p	Whitcroft 5p to 57p
Cons Gold Fields 5p to 423p	Lda Sumatra 5p to 371p
De La Rue 15p to 660p	SL Holdings 5p to 335p
Ferranti 5p to 540p	Mercantile Inv 5p to 59p
Grundlays Bldgs 10p to 166p	F Pratt Eng 5p to 114p
Jarvis J. 5p to 190p	SGS Group 7p to 138p

**THE POUND**

Bank	Bank	Bank
Australia 5	Bank of India 1.85	Bank of China 1.85
Belgium 35.00	Bank of Japan 1.85	Bank of Korea 1.85
Canada 81.75	Bank of New Zealand 1.85	Bank of Pakistan 1.85
Denmark 12.45	Bank of Portugal 1.85	Bank of Spain 1.85
Finland 9.50	Bank of Sweden 1.85	Bank of Switzerland 1.85
France 11.42	Bank of Taiwan 1.85	Bank of the Netherlands 1.85
Germany DM 4.88	Bank of Thailand 1.85	Bank of the Philippines 1.85
Greece Dr 116.00	Bank of Turkey 1.85	Bank of the Republic of China 1.85
Hongkong \$ 12.25	Bank of the Virgin Islands 1.85	Bank of the Cayman Islands 1.85
Ireland £ 1.33	Bank of the Falkland Islands 1.85	Bank of the Channel Islands 1.85
Italy Lit 2360.00	Bank of the Isle of Man 1.85	Bank of the Jersey 1.85
Japan Yen 486.00	Bank of the Guernsey 1.85	Bank of the Alderney 1.85
Netherlands Gld 5.39	Bank of the Jersey 1.85	Bank of the Alderney 1.85

**BL to cut 24,000 more jobs in next two years, MPs are told**

By Edward Townsend

BL will cut about 24,000 more jobs in the next two years before the company is back on the "recovery" track, Sir Michael Edwards, the chairman, told a Commons select committee yesterday.

He said that the state owned company's United Kingdom labour force, now down to about 130,000, had fallen by an average of 1,000 a month since he took over in 1977 "and will go on dropping until it reaches an all time low at the end of 1982".

Sir Michael's manpower forecasts are certain to cause considerable disquiet and widespread opposition among trade union leaders, particularly as the Government has just agreed to provide a further £900m of state funds to finance the company's development and re-organisation plans for the next two years.

At the end of this month, BL is expected to announce results for 1980 showing losses of about £400m compared with £122m in 1979.

Sir Michael said that after 1982 the company would begin to recruit workers again. A 10 per cent increase in productivity was envisaged this year and next and further gains would be made in 1983 as the volume of vehicle production rose with the introduction of new models.

But he gave warning that employment at BL would "never reach the sort of levels we had before within the next 10 years".

By the end of 1982 he expected the company, which has a worldwide labour force of 200,000, to be employing just over 100,000 and keeping in work an additional 200,000 in component supply companies.

Sir Michael said he had been "astounded" at the way manpower levels throughout BL had been reduced without a single strike. In the past three years 57,000 jobs had been lost. In the car business alone fixed costs had been cut by £150m a year between June last year and 1981 and capacity reduced by 300,000 to 400,000 units a year.

He praised BL workers for their big "contribution to the future" by negotiating wage increases of less than 10 per cent for three years running. During the terms of the last two governments the company had paid "extremely modest" wage settlements for all employees. BL's present four year plan, supported by the Government, foresees the need for a further £150 million injection of capital in 1983/84 (bringing the total to £1,140m) by which time the company should be breaking even and on the way to recovery, Sir Michael said.

Sir Michael, giving evidence to the Commons Industry and Trade Committee, said that the bulk of the company's recent problems had been caused by the high external value of the pound.

If exchange rate and inflation assumptions that were made for the 1980 corporate plan had pertained — and the National Enterprise Board, which owns the majority of BL shares, had found them "conservative and pessimistic" — BL's profits would have been £1,700m higher. "And the £1,140m would not have been needed at all".

The impact of exchange rates had been traumatic. The 1976 Rydman plan had envisaged injections of public funds totalling £1,000m and that £1,400m would be raised by BL internally. In the event, Sir Michael said, the company had raised nothing and the bulk of internally generated funds went into exchange rates.

The £900m injection was the minimum required in the next two years and the extra £150m was "a very small beer".

**Linwood closure 'unlikely to sway Datsun decision'**

By John Huxley

Peugeot's closure of the Renault plant at Linwood, Renfrewshire, is unlikely to influence Nissan in its choice of a site in the United Kingdom for a new £300m plant to produce Datsun cars, MPs were told yesterday.

Sir Peter Carey, Permanent Secretary at the Department of Industry, said there was nothing contradictory in the decision of one company to plan investment in the British motor industry while another was cutting back. He added that there was no reason why Scotland should not provide a suitable site for Nissan.

The weakness for Linwood was probably that it represented a split of activity at a time when, for the British motor industry, it would have been better to have had concentration.

By contrast, Nissan will be coming in to build a single new plant. Sir Peter said that Linwood's investment incentives were crucial in attracting companies such as Nissan. He was giving evidence to the Commons Committee of Public Accounts on the effectiveness of the Government's regional policies.

Earlier Sir Peter accepted that research to determine the overall benefits of the policies was "inconclusive". Since 1971 regional incentives had cost about £500m.

He told the committee that, taken over a long period, evidence suggested that regional policy had made a "substantial contribution" to the economies of the areas involved. But he added that in assessing the net benefits it was difficult because of the lack of regional data to distinguish whether improvements were due to specific regional or general national policies.

"The evidence available suggests that regional policy is effective in influencing the direction rather than the level of investment."

"We are not just sitting back and saying, 'it is all too difficult, we cannot measure the effectiveness of the incentives as spending. We want to make sure as much as the committee does that we are getting value for money.'"

But he gave a warning against making changes in the framework of regional policy. "I have found that the single feature to which industry attaches importance is that it knows where it stands."

He expected that present regional policy to be maintained through the life of this Parliament.

Horizon plans, page 24

**Call for biotechnology backing**

By Bill Johnston

The private sector has a substantial responsibility in the exploitation of biotechnology, according to a government White Paper published yesterday.

Government policy outlined in the paper comes in response to a report last March by the Advisory Council for Applied Research and Development (ACARD), the Advisory Board for Research Councils and the Royal Society.

The study group on biotechnology was chaired by Dr Alfred Spinks, formerly director of research at ICI.

The paper praises the work on biotechnology which has already been conducted by a number of British companies, including Glaxo, Becton, ICI, Rank Hovis McDougall and Tate and Lyle.

But the paper emphasises that in future "The Government's interest looks to the private sector to exploit British scientific and technical discovery and build up its competitive position by importing good developments through licences or otherwise as well as from its own research and development."

Biotechnology is used in a variety of forms to create, under controlled conditions, foodstuffs and medicines.

The Government has also recognised the need for co-ordinating the activities of its departments in biotechnology.

**Japanese workers and employers prepare for pay demands ceremony**

**Tradition prevails at the time of the rising wage**

Japan is getting ready for the annual shunto or spring wage offensive with labour leaders and management proposing conflicting strategies for checking inflation and expanding the economy.

The shunto reaches a climax in mid-April when thousands of workers hold street rallies and sometimes lock their bosses out of offices and factories.

In the group-minded Japanese society, both sides want to win public approval for their arguments about the size of the wage rises.

The main labour unions are jointly seeking a 10 per cent increase this year.

For the first time since the shunto started in 1956, the unions last year put forward a unified claim, for 8 per cent, just as Japan was overcoming the worst effects of sharp increases in imported oil prices during the previous 12 months.

The unions eventually accepted average wage increases of 6.7 per cent last year, which some labour leaders regarded as a defeat but was seen by many economists as a big success behind Japan's reasonably sound 1980 economic performance.

The average Japanese worker received 263,380 yen (£560) a month last year, which was a 0.9 per cent drop in real terms, the first decline since 1952 when the Labour Ministry began regular surveys on wage levels. However, annual wages, including summer and year-end bonuses rose a nominal 7 per cent.

Labour leaders say their 10 per cent demand is designed to cover the fall in real wages last year, and thus help to stave off effects of further price rises in fiscal 1981.

The unions have defended their demand by maintaining that such an increase is necessary to help expand domestic consumption, which accounts for more than half of Japan's gross national product.

Some economists believe the fall in real wages slowed domestic consumption, which caused sluggish car sales and a decline in the rate of increase of housing starts, forcing the economy to rely for growth largely on higher exports.

The government's outlook for fiscal 1981 calls for real economic growth of about 5.3 per cent against an estimated 4.8 per cent in fiscal 1980.

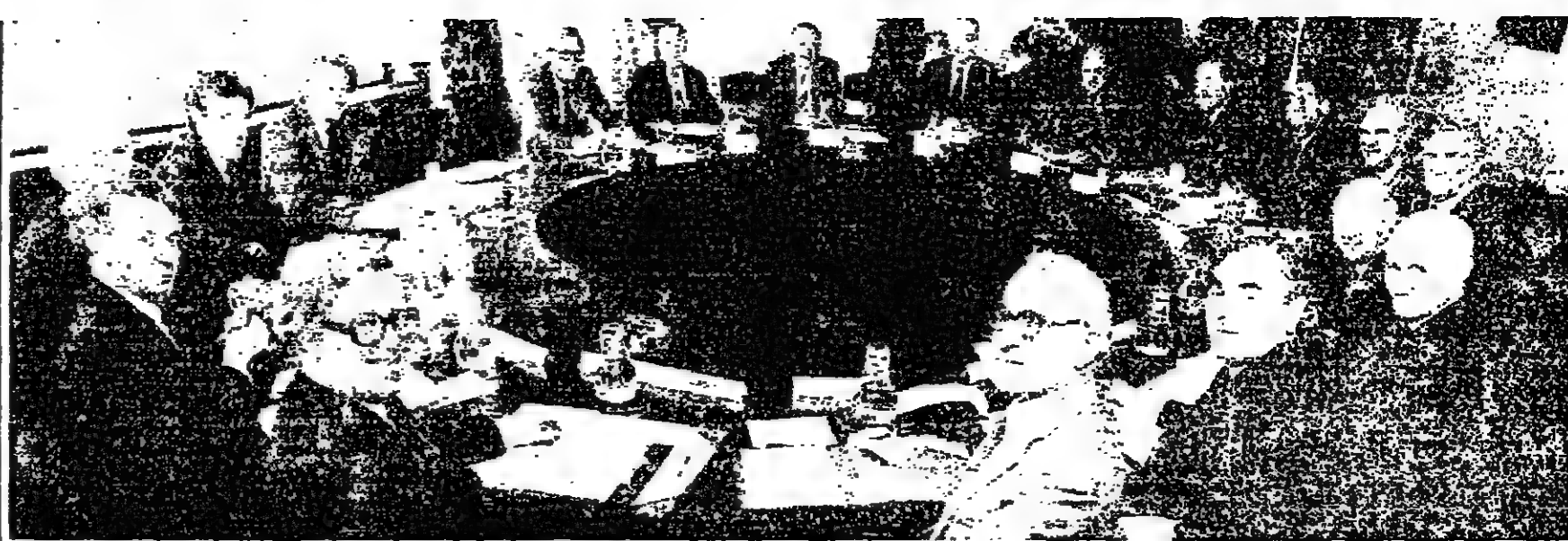
The Federation of Employers' Associations, without giving management guidelines for salaries, already has rejected the reasoning behind workers' demands.

But the shunto confrontation between management and workers does not illustrate real relations between the two sides, which are very cooperative.

Mr Zenko Suzuki, the Prime Minister, last year said: "Japan is not blessed with natural resources, but we have a splendid resource called labour-management relations of which other countries are envious."

The government's outlook for fiscal 1981 calls for real economic growth of about 5.3 per cent.

**THE TIMES BUSINESS NEWS**



Trade unionists, industrialists, and members of the Government around the table at yesterday's meeting of the National Economic Development Council. In the foreground are (from left) Sir Keith Joseph, Secretary of State for Industry; Sir Geoffrey Howe, Chancellor of the Exchequer; Mr Geoffrey Chandler, director-general of the National Economic Development Office; and Sir Peter Parker, British Rail chairman.

**Mr Heseltine to open talks with councils on purchasing policies**

By Patricia Tisdall  
Management Correspondent

Mr Michael Heseltine, Secretary of State for Industry, is to discuss government purchasing policies with local authorities shortly as part of a campaign to help industry. This and other commitments were outlined by Sir Keith Joseph, Secretary of State for Industry, in a progress report given to the National Economic Development Council yesterday.

Sir Keith promised that his own department would develop contacts with at least 80 leading companies in the next few months to discuss impediments to government contract tendering. In particular, he hoped that public purchasing officers, including those in nationalised industries, would make more use of British Standards when drawing up specifications.

Department of Industry officials also are to carry on talks with individual National Economic Development Office (NEDO) sector working parties and with trade associations.

Plans include a combined Department of Industry, Institute of Purchasing and Supply and NEDO seminar for senior public sector purchasing officers. The public sector is to be encouraged to rely more on its suppliers' research and development efforts or to contract out more of its research requirements to the private sector.

The Advisory Council for Research and Development recommended a shift in the balance of research and development carried out by purchasers towards that carried out by their suppliers. Sir Keith said that the Government would respond positively to the council's recommendations.

**Pound slips in nervous trading**

By Frances Williams

Leading currencies seen-sawed on nervous and volatile foreign exchange markets yesterday. The pound, which followed Tuesday's upward trend against the dollar during the morning, fell back in afternoon trading to close 75 points down at \$2.1985.

The pound lost rather more ground against other leading currencies, with its effective exchange rate index falling 0.8 to 98.7.

The pound's movements largely mirrored those of the dollar. The United States currency was sharply weaker yesterday morning, reflecting lower Eurodollar interest rates. These apparently were influenced by remarks by Mr Paul Volcker, chairman of the Federal Reserve Board, on the sluggish state of the American economy.

But the afternoon decision by the German federal bank to keep its special 12 per cent Lombard facility, under which it supplies funds to the commercial banking system, prompted a late fall in the Deutsche mark, against which the dollar is chiefly measured.

After falling pennings against the mark at one stage, the dollar ended London trading down 21 pennings at DM2.1355.

Gold closed at its lowest level since December, 1979, dropping by \$11.50 to \$464.50 an ounce.

**Giro service joins clearing banks**

By Roman Eisenstein  
Banking Correspondent

National Girobank, the banking arm of the Post Office, is becoming the tenth member of the London Bankers' Clearing House, the system through which banks transfer cheques among themselves. Mr Samuel Wainwright, Girobank's managing director, said yesterday that it would take two years to raise membership to become fully operational.

Girobank is now setting up a central clearing department and will also open a clearing office in the City. This will involve the setting up of the necessary data processing and administrative facilities.

The next step will be for Girobank to join the Bankers' Automated Clearing Services and offer its business customers direct access to the service. This will enable customers to transfer payments directly through a data-processing operation.

Girobank is already a member of the payment and wages working group formed by high street banks to encourage companies to pay through direct credit accounts at banking institutions. It also aims eventually to change the present weekly wage payments to a monthly basis.

Girobank officials believe that the entry into the clearing system is a further move towards the provision of full banking services to customers. In recent years it has enlarged its facilities and now provides most of the day-to-day banking services for personal customers, including loans of up to £3,000.

The Post Office launched its Giro system 12 years ago and over the period it has grown significantly. The system now exchanges 100 million cheques with other banks and it is the growth of the business that has prompted the membership of the clearing house system.

At present Girobank is clearing its cheques through its centre in Booter where they are sorted out and accounts are credited or debited and settlement is eventually made with other banks through an account at the Bank of England.

Business Diary, page 25

**Norton Warburg offshoot agrees to assets freeze**

By Our Financial Staff

Norton Warburg Investment Management, part of the Norton Warburg Group which announced it would go into liquidation two weeks ago, agreed to a temporary injunction freezing all its United Kingdom assets in the High Court yesterday.

The company, which is said to have a deficiency of £2.5m on the accounts of its London clients, is being sued by several groups of the 360 investors. Some are seeking the appointment of a receiver and others want their share portfolios returned.

Mr Justice Dillon adjourned the applications to a date yet to be fixed.

Norton Warburg Investment Management is a wholly-owned subsidiary of the Norton Warburg Group, which was set up eight years ago to provide investment management services and financial advice, and now handles £16m of funds.

Its clients include high-earning pop stars such as Robin Gibb of the Bee Gees and at one time members of the Pink Floyd pop group.

Norton Warburg Group confirmed last month that the holding company and three of the six subsidiaries were being put into voluntary liquidation.

There is no connection between Norton Warburg and S. G. Warburg, the merchant bank.

There is no connection between Norton Warburg and S. G. Warburg, the merchant bank.

**Budget may reduce industry's energy bill**

Continued from page 1

Energy ministers have stressed that the electricity industry will have to cover its costs, and that the British Gas Corporation's price structure will remain market-related. But within that framework, the Government sees scope for greater flexibility and some relief.

It is widely expected that the Chancellor will cut excise duty on heavy fuel oil which at £8 a tonne is among the highest in Europe. Other measures may include alterations in fuel tariff structures of special discounts for high energy using industries, both of which are possible within present legislation.

The NEDC report was warmly welcomed last night by the industries which have been pressing for action. Sir Terence Beckett, director-general of the Confederation of British Industry, emphasized that it was important for the Government to act promptly.

The report confirmed that, for large users of gas, United Kingdom prices were 10 per cent to 15 per cent higher on average than those in other European countries; electricity prices were in some cases 10 per cent to 35 per cent higher than in West Germany and France; United Kingdom foundry coke prices were 30 per cent higher than in Europe generally.

Other EEC countries subsidised their home-produced coal at least £30 a tonne more than the United Kingdom. Oil product prices in the United Kingdom were also higher for most of last year, and although in recent weeks prices have been more in line with Europe, the position remained "volatile".

Last night Mr Martin Trowbridge, director-general of the Chemical Industries Association, said it was regrettable that the report had not been available last autumn when it had become obvious that energy price disparities had built up to levels which seriously affected the United Kingdom's competitive position.

"Even taking the general levels of prices quoted in the report as a very conservative basis, the cost to the United Kingdom chemical industry of end year differences amounts to about a 170 million a year compared with our major continental competitors," he said.

ICI, one of the country's biggest single users of energy which pays a £700m a year energy bill, emphasized the need for "very urgent attention and action by the Government".

The British Steel Corporation and the British Independent Steel Producers Association, in a joint statement, said that the Government should insist on creating a competitive situation in the United Kingdom energy market.

The nationalised utilities and the oil companies should be encouraged to compete actively with each other and with their Continental counterparts.

European companies, the steelmakers said, realized that their industrial customers were in direct competition within and outside the EEC with customers of other countries' utilities.

Leading article, page 17  
Paying over the odds, page 25

**THE PRESTIGE GROUP LIMITED**

Mr. David Lawman reports on 1980

The following is an extract from the Statement by the Chairman, Mr. D. J. T. Lawman, which has been circulated with the Report and Accounts for the year ended 31st December, 1980.

Group sales for the year of £64,815,000 showed an increase of 4.1% compared with last year's total of £62,250,000. Group profit for the year before taxation was 8.1% lower at £5,669,000 (1979 - £6,169,000).

The results for 1980 reflect the severe reduction which took place in consumer demand at home starting in the second quarter of the year, accompanied by substantial customer destocking. Furthermore, the strength of sterling had an adverse effect on the profitability of export sales and on the results of overseas subsidiaries in sterling terms.

The Board is recommending a final ordinary dividend of 17.5% making a total for 1980 of 27.5% (1979 - 27.5%). This dividend is covered 2.8 times by profit attributable to shareholders.

1980 IN BRIEF	1980	1979
	£'000	£'000
SALES	64,815	62,250
PROFIT BEFORE TAX	5,669	6,169
EARNINGS PER SHARE	19.2p	20.3p

Copies of the 1980 Accounts and the Chairman's Statement may be obtained from the Secretary, The Prestige Group Limited, Prestige House, 74-76 Holborn, London EC1N 2LQ. The Annual General Meeting will be held in London on 25th March, 1981.

**Prestige**

Manufacturers of 'Prestige' 'Skyline', 'Ewbank', 'O-Cedar', & 'Old Hall' household products.

Overseas companies operating in Australia, Belgium, France, Germany, Italy, Japan, New Zealand, South Africa, Spain, Sweden.

Ikuo Anai







## BY THE FINANCIAL EDITOR

## Cons Gold's rich seam

Appropriately, gold has enabled Consolidated Gold Fields to maintain its record of raising profits and dividends faster than inflation.

Despite falls in the first half contributions to operating profits from base metals and most of the manufacturing interest, pretax profits were up 16 per cent at £76.2m, and the dividend is increased by the same percentage to 12.1 pence. Measured by earnings per share, the performance was better: up 20 per cent to 30.3p, allowing for the rights issue.

The reliance on gold is very clear. Earnings from the 47 per cent stake in Gold Fields of South Africa were £22.8m compared with £10.9m, and dividends from direct holdings in South African mines more than doubled as well to £14.8m. These results more than offset the decline in other sectors.

The biggest fall, though expected, was in construction materials, at Amey Roadstone. Operating profits fell £5.2m to £19.5m, reflecting a collapse of demand caused partly by the reduction in public spending. The results also include £2m for redundancies and closures.

The American drilling equipment and the Azcon scrap metal interests did well, but on balance the other manufacturing and commercial operations dropped £1.9m to bring in operating profits of £11.7m.

In all, the industrial business contributed 37 per cent of operating profits against 51 per cent in the first half of last year. Even though the base metals fell by £3.2m to £3.8m, largely because of low tin and copper prices and strikes at Renison, the whole mining sector increased its share from 36 to 49 per cent.

What these results show is that diversification works both ways: industrial profits can fall as well as rise. With little hope of industry doing better in the first half of 1981—Cons Gold's second half—and with the gold price similarly depressed, the company will be lucky to beat inflation again.

The market realised this when, after marking the shares up 37p at one point, they closed 5p lower at 423p. Assuming a dividend increase over the whole year of 15 per cent the yield is about 8.7 per cent. But, in the meantime Cons Gold is likely to have told shareholders how it intends to spend its rights issue proceeds.

● **Lazards is continuing to reap the benefit of the breakthrough it made with the financing of the Hongkong Mass Transit Railway through the first foreign-currency buyer credit package denominated in the currency of the buyer three years ago.** Yesterday the merchant bank announced that it had arranged an ECGD-backed loan for HK\$244m to finance Metro-Cammell's contract for the MTR's latest extension.

The great attraction of this deal was that since the Railway's income was in HK dollars it laid itself open to big currency risks in taking out sterling debt.

Indeed the first stage of the MTR was financed in sterling and the currency scars are now showing up in the accounts. For the second stage of the development the authorities made sure they would repay debt in the same currency in which they were getting their revenue. And for the third stage "Island line" this form of financing is a "pre-qualification for contracts".

There is every indication that but for this procedure, and the flexibility and co-operation of Britain's ECGD, British contractors would not have got a look in on the contracts. To date Lazards has netted £100m worth of ECGD-backed HK\$ finance which has proved less onerous for the United Kingdom clearing banks than other foreign currency deals arranged through the ECGD since it does not have to be refinanced through the Eurocurrency markets.

## General Accident Star turn

Justifying its star rating among insurance companies, General Accident is the only one of the big three United States-oriented groups to report increasing profits. A full-year gain of 7 per cent to £92.3m pretax compares with falls of seven and 25 per cent respectively reported recently by Royal and Commercial Union.

But after a year in which overall under-

writing losses spiralled from £18.2m to £27m GA seems no more sanguine about near-term prospects for the industry than either of its rivals.

Reflecting its bias towards less volatile personal lines business, GA has fared significantly better than CU and Royal in the United States. A tiny fourth quarter surplus reduces the year's deficit to £4.5m against £11m previously producing a statutory operating ratio of 101.5 per cent which is a few points below the industry average.

At the same time milder weather has reduced household and motor claims slashing the United Kingdom deficit from £10.3m to £2.4m. But severe competition has hit the group hard elsewhere, particularly in Australia and Canada and here as in the United States, the group thinks conditions will worsen before they improve.

Investment income, however, continues to take the strain showing a rise of 14 per cent to £119.3m, while strong equity market, and relatively modest premium growth—12 per cent excluding currency movements—have helped put 7 points on the solvency margin at 59 per cent.

Despite ferocity in world markets, General Accident's high quality business portfolio should enable a further profit advance possibly to £105m this year. But the real key to GA's current attractions lie in its dividend paying capacity. A 121 per cent dividend increase produces a yield of fractionally under 6 per cent on the shares, up 2p to 324p. This is almost three points below that offered by Royal and nearly four below CU, but GA's payment is three times covered compared with less than twice in the case of the other two groups.

This extra flexibility points to much sounder prospects for dividend growth and should ensure GA continues to outperform its rivals. Despite some hopeful recovery buying in recent weeks, however, scope for further progress by the sector as a whole could be constrained until clearer signs emerge that competition worldwide is peaking.

## Ransomes Vulnerable to spending cuts

Ransomes Sims & Jefferies which makes heavy-duty and specialised agricultural equipment, is one of those rare birds, an engineer making positive advances despite the recession.

But a sales gain of 16 per cent to £49m which has produced 8 per cent more profit at the operational level is all slightly soured by that bugbear of the industrial sector—high interest rates, not only here but also in the United States where Ransomes' business has local borrowings.

By the time these have taken their toll—and interest charges are up from £1.9m to £2.8m—1980 profits run out at £2.3m, down by 19 per cent.

Taking the view presumably that interest rates will continue to fall through 1981—on borrowings that have apparently been "contained at a slightly lower level" than in 1979 when gearing stood at approaching two-thirds—and that with sterling coming back, hard won export business will produce more satisfactory margins, Ransomes is now sticking its neck out and hoping for "comparable" results this year.

That looks possible: a heavy retrenchment programme involving a 30 per cent cut in the workforce over the past 12 months has obviously taken out substantial overheads at the cost of a £0.92m exceptional item below the line this time.

There is one important snag though. Ransomes is heavily dependent in the United Kingdom market for its contract grass cutting equipment on public authorities. Obviously they are not going to be such ready buyers as in the past.

The market brushed aside that doubt yesterday and the shares gained 15p to 156p in what is a thin localised market. Here, Ransomes is yielding 10.2 per cent and selling at only 3 times latest stated historic earnings, after the tax credit, a cautious rating that looks justified this side of the Budget and the next EEC farm prices round which has a bearing on spending by farmers.

## Economic notebook

## When success is not what it seems

From their positions on the

opposite sides of the divide in contemporary economics, the

Keynesian National Institute and the monetarist London

Business School, have arrived at some similar conclusions.

They agree that Britain is likely to see three million

people jobless next year, for the first time for half a century.

They also agree that the rapid decline in the inflation rate will be arrested at a level not much below 10 per cent.

The National Institute is marginally the more optimistic, predicting that the rate of inflation may inch down to 8.8 per cent in the final three months of 1982, comparing

price levels with those of a year earlier. This means that between 1979 and 1982 unemployment will have much more than doubled, while inflation will have been less than halved (comparing the levels in the fourth quarter of each year).

Such, then, has been the cost of the Government's "success" in reducing the rate of price increases. Even this success has partly involved undoing the harm that ministers have themselves done.

This is because a substantial amount of inflation has been injected directly into the economy by the Government.

According to Lord Kaldor, adviser to the Treasury and Civil Service Committee last summer, the Government had contributed 6 to 8 per cent to the cost of living through tax changes and other policy measures.

Other economists have suggested that the government contributed to inflation as at the upper end of the Kaldor band.

The indirect tax increases alone in the 1979-80 and March, 1980 Budget added more than 5 per cent to the retail price index. The Government also abolished price controls, administered by the Price Commission.

It is not possible to quantify the effect on prices of this act, but it is unlikely to have been insignificant. The Trade Union Research Unit at Ruskin College, Oxford, has pointed out that the rate of inflation in 1979-80 was 12.1 per cent, compared with 10.1 per cent in 1978-79.

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The increase in interest rates has been a further factor affecting the retail price index. Minimum lending rate was raised from 12 to 14 per cent in June, 1979, and raised further to 17 per cent in November of that year. It stayed at that level until last summer.

This raised costs in industries, which will have been passed on in higher prices wherever possible. The rise in house mortgage rates is alone calculated to have added 1 per cent to the retail price index.

Also, government policies have forced nationalised industries to raise their prices by much more than the general increase in prices. The increase in nationalised industry prices is certainly not due to high wage settlements in these industries.

Between June, 1979, and June, 1980, the prices of goods and services produced mainly by nationalised industries rose 29 per cent, but average weekly earnings of men employed in public corporations rose by 22 per cent between April, 1979, and April, 1980.

But this is, of course, not all that the Government has itself

done to raise prices. The cuts in expenditure which Treasury ministers have tried to impose on local authorities, and the reduction in the Exchequer's contribution to the financing of such expenditure, have led to large increases in local rates.

In April, 1980, rates were increased by an average of 27 per cent for domestic properties and 23 per cent for businesses.

This, together with higher wages, produced a 30 per cent rise in the cost of "housing", as recorded by the retail price index, between mid-1979 and mid-1980. Furthermore, there have been increases in many charges, such as electricity, prescriptions, school meals and the like.

Thus, it seems quite probable that when the year-on-year increase in the retail price index hit its peak last May, 23 per cent, something other than a third of that rise was attributable to the actions of Government.

## Wage claims

Part of the recent fall in the inflation rate has occurred in the last few months, the

impact on the index of some of these government actions is no longer captured by the conventional year-on-year measure of price changes.

But the effects are longer lasting than ministers admit. It is a widely adopted practice when trades union leaders are formulating wage claims, to base them on changes in the retail price index over the preceding year. Thus, Government-induced price increases are built into wage demands and have "secondary" effects on the level of inflation.

Geoffrey Howe, the Chancellor, insists that there was no case for this, when he raised the rate of value-added tax in his first Budget, because workers had received compensating reductions in income tax. But, in fact, both Sir Geoffrey's Budget and income tax reductions in real terms. The 1979 one did so largely by raising marginal rates, the 1980 one by reducing the real value of the tax credits.

If the Government's contribution to the retail price index, between mid-1979 and mid-1980 was indeed of the order of 8 per cent points, its success in reducing inflation looks decidedly less impressive.

What the rate of inflation would be today without the government contribution is difficult to say. If, for example, interest rates had not been increased, the exchange rate would have been lower. The higher exchange rate has helped to hold price increases down by lowering import costs.

It might also be argued that if the Government had not taken the action that it did, then public spending and borrowing would have been even higher, leading eventually to higher price increases or still higher interest rates, with commensurately more depressing effect on output.

But the Government's fiscal and monetary policies have themselves pushed up its borrowing through their effect on output.

If inflation cannot be driven below 8 per cent at the trough of the business cycle, it is hard to believe that it will be pushed lower when, or if, any recovery comes along. Moreover, a sizable fall in the exchange rate has begun to look increasingly likely, the less, in fact, the miners. This will drive inflation back into double figures.

High unemployment, on the other hand, will remain with us. Few, surely, will claim that such a small gain on the inflation front has been worth the cost.

Melvyn Westlake

## How industry is paying over the odds for its energy supplies

## GAS PRICES FOR THE STEEL INDUSTRY (November 1980)\*

(Customers purchasing 2 million therms a year)  
Pence per therm

Firm	Interruptible
UK	25.1
Belgium	19.5-20.5
France	20
Germany	19.4
Italy	17.7
Netherlands	20

\* Not agreed by the British Gas Corporation as representative.

For an important group of energy-intensive users UK gas and electricity prices had moved significantly ahead of those being charged to some major competitors on the Continent by the end of 1980\*

NEDC Energy Task Force report

But for the small, but important, group of energy-intensive industries which have been the focus of the task force investigation—accounting for some of the remaining 20 per cent of electricity consumption and a significant proportion of gas—United Kingdom prices had moved out of line with those charged on the Continent by the end of last year and heavy fuel oil remained "volatile".

So what has emerged from the task force's investigations into the particular problems of this group? The report shows that electricity prices—which are of particular interest to the steel and chemical industries—are at present 20-35 per cent lower in France than in England and Wales; German prices are up to 25 per cent lower at high load factors.

Over the short term the strengthening of the pound against the franc and the deutsche mark has been a significant factor, but other elements underlying the present discrepancy include the relative cost of gas, and the relative cost of electricity. In West Germany tariff structures favour high load consumers.

For the foundry industry the price of coke has been a big source of worry. Coking coal costs represent 6-7 per cent of the selling price of castings. The task force concluded that United Kingdom foundry coke is 30 per cent more expensive than the average in most European countries and more than 50 per cent dearer than in France.

Nor only have exchange rate factors played a part, but subsidies are again a component, compounded by indirect help for coke oven output. The task force noted that United Kingdom subsidies are less than the maximum permitted under the rules of the European Coal and Steel Community.

Another factor forcing up United Kingdom prices is the requirement of National Smokeless Fuels to operate at "arm's length" from the National Coal Board and recover its costs through prices, at a time of falling demand and rising unit costs.

But it is in the area of heavy fuel oil that industry is looking for the first real concession. It wants a cut in the excise duty on heavy fuel oil in next week's

Budget (complete removal would cost the Exchequer £350m).

But beyond short-term relief the oil issue poses a longer term problem for the Government, because "interruptible" gas prices are linked to the price of heavy fuel oil, and "firm" gas supply contract prices are related in part to the price of oil.

There are a whole range of other factors which have lifted fuel oil prices above the levels prevailing in other European countries—among them differences in transport and distribution costs and in the cost structure of individual companies.

It is on gas prices that the task force had the greatest difficulty in arriving at representative comparisons. As one insider observed: "We had the impression that the British Gas Corporation approached the task force exercise with no intention of agreeing anything."

There remains a basic disagreement between the BGC and its major consumers on the impact and degree of the linkage between firm gas supplies and gas oil or other oil products in different countries.

The task force secretariat has concluded that by the end of last year gas price disparities with the Continent were on average 2p-3p per therm (or 10 per cent) for interruptible supplies and 3p-5p a therm (or 10-20 per cent) for firm gas contracts. That represents an overall cost disadvantage to United Kingdom users on an average weighted basis of at least 10-15 per cent.

Ministers can therefore expect the energy-intensive industries to press them to act on earlier NEDC recommendations that the gas corporation should demonstrate a willingness to restructure its tariffs and negotiate discounts to large users similar to those available to continental consumers. The NEDC also asked the corporation to review "and redress" the present imbalance under which industrial gas customers are the only ones in Europe to pay more than domestic consumers.

The task force has rooted out the facts on energy price discrepancies. But in many respects the real debate has only just begun.

Peter Hill.

## Business Diary: Girobank's Wainwright • Gold-diggers of 1981

For Sam Wainwright the vigorous managing director of National Girobank yesterday's announcement that the Post Office's banking offspring is to join the London Bankers' Clearing House marks the great leap forward for the poor relations of banking.

A former financial journalist and merchant banker, Wainwright, who has been at Milk Street since 1977, is one of the new breed of Post Office chiefs who prefer action to precedent.

He made Girobank's voice heard on the Committee of London Clearing Bankers—a working group on payment of wages.

While involved in the preliminary discussions with the London Clearing Bankers' Committee about this advance Wainwright will delegate its implementation. He is more concerned with his next project, the setting up of seven regional offices to bring Girobank account management nearer to large company customers.

You can see what the going rate is from a table listing the lucky lads, which is topped by Sir Brian Massy-Greene, of Consolidated Goldfields (£250,000) and trailing off with Pat Matthews (First National Finance) and Gerald Harding (Bibby Line), who each got £50,000.

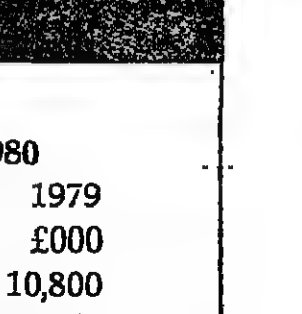
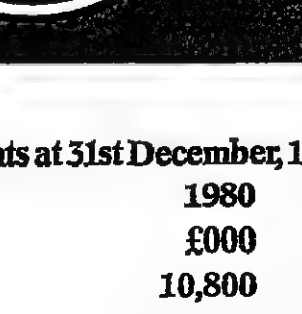
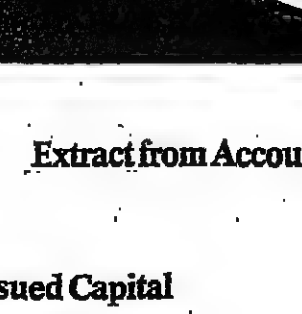
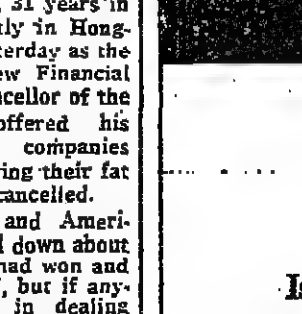
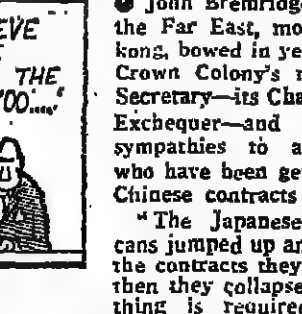
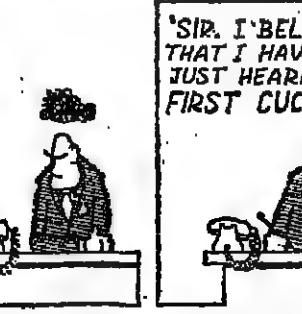
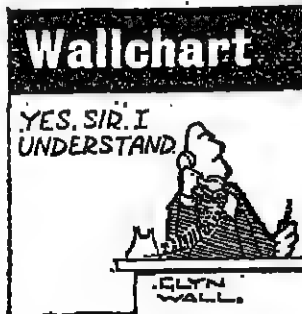
The star company is Dalgety, which paid £100,000 each to Robert Paul, Norman Rigby and William Shaw.

Perhaps even more interesting are £3.5m pay-offs to

persons unknown (£2.1m handed over by ICI in 1979 alone) as "pensions, gratuities in respect of executive services of former directors".

Tarmac is listed as having made similar payments of £215,000, Cavenham of £170,000 and Unigate £156,000 and there are lots more. The point the Labour Research Department seeks to make is that for the workers the maximum state entitlement to redundancy pay after 20 years in one job is £3,900—as long as the State Redundancy Fund holds up.

One thing Japan is not making smaller these days is the Japanese themselves. A survey by the local government statistics bureau there shows that the height of high school boys has exceeded 170 cms (about 5 ft 7 ins) for the first time on record. They also weigh about 10 lb more on average than 20 years ago—owing mostly to eating more Western food.



## Extract from Accounts at 31st December, 1980

	1980	1979
Issued Capital	£000	£000
Retained Profits	10,800	10,800
Subordinated Loans	6,388	5,244
Deposits	4,194	4,497
Loans	377,358	357,130
Total Assets	222,954	230,835
Profits before Taxation	411,756	387,801
after Taxation	3,841	3,139
	1,792	1,500

## Japan International Bank Limited

Shareholders  
The Fuji Bank Daiwa Securities  
The Mitsubishi Bank The Nikko Securities  
The Sumitomo Bank Yamaichi Securities  
The Tokai Bank

107 Cheapside, London EC2V 6BR.

Ross Davies







## FINANCIAL NEWS

## Mount Charlotte down 37 pc or year

Peter Wainwright  
Mount Charlotte Investments, a provincial fund and equity group, has been hit by a health by Mr Robert Peel, managing director, who has retired from £1,044,000, but this 37 per cent drop is a late recovery in a year to December 31. In the six months prior to the year-end, the fund's share price rose by more than 10 per cent to £1.60, but the fund's share price, which was down to £1.10, has since recovered to £1.50. Despite its absence in London, once thought of as a place of strength, Charlotte did not fare from the strong pound, which discouraged foreign, especially American, investors. It encouraged English people to buy shares.

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## Sutton District Water by tender

The Sutton District Water Company is offering for sale by tender 100 shares of 10p each, at a price of 10p each. The gross value is £10,000. The minimum price is £100. The deposit is £1,000. The balance is payable by cash or cheque. The shares are offered for sale by tender.

## Bank Base Rates

ABN Bank	14%
Barclays	14%
BCCI	14%
Consolidated	14%
C. Hoare & Co	14%
Lloyds Bank	14%
Midland Bank	14%
Nat Westminster	14%
TSB	14%
Williams and Glyn's	14%

## COLLEGE DEGREE

For Life Insurance & Work Experience  
The College Degree is a new qualification for life insurance and work experience. It is a two-year course, leading to a degree in life insurance and work experience. The course is offered by the College of Life Insurance and Work Experience.

## M. J. H. Nightingale &amp; Co. Limited

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

## The Over-the-Counter Market

Company	Price	Change	Dividend	Yield	P/E
75 39 Airspeed Group	65	+1	6.7	10.6	5.7
45 21 Armitage & Rhodes	45	+1	1.4	3.1	18.5
192 92 Bardon Hill	190	+1	9.7	5.1	7.1
98 88 Deborah Services	93.5d	+1	5.5	5.9	4.6
126 88 Frank Horsell	106	+1	6.4	6.0	3.2
110 40 Frederick Parker	40	+1	1.7	27.5	17.4
110 74 George Blair	74	+1	3.1	4.2	—
110 59 Jackson Group	107	+1	6.9	6.4	4.1
124 103 James Burrough	119	+1	7.9	6.6	9.8
324 244 Robert Jenkins	320	+1	31.3	9.5	—
55 50 Scrutons 'A'	52	+1	5.3	10.2	3.8
224 215 Torday Limited	216	+1	15.1	7.0	3.7
25 10 Twinklark Ord	11	+1	—	—	—
90 69 Twinklark 15% ULS	72	+1	15.0	20.8	—
56 35 Unilock Holdings	44	+2	3.0	6.8	6.8
103 81 Walter Alexander	102	+1	5.7	5.6	5.6
263 181 W. S. Yeates	260	+1	12.1	4.7	4.2

## Mr Bentley sells F Pratt holding to 600 Group

By Peter Wilson-Smith  
Barclay, the company headed by Mr John Bentley, has sold its 12.5 per cent stake in F Pratt Engineering to the 600 Group for £22.5m, giving Barclay a profit estimated at about £200,000 in the space of three weeks.

Barclay bought its stake in Pratt in the middle of last month through a market raid at 85p, which was thwarted by the rise in Pratt shares, and then purchased it at up to 100p. Just before the raid, Pratt's shares stood at 70p and 30p a few weeks before that, and the Stock Exchange yesterday confirmed that it was holding a preliminary inquiry into dealing in Pratt shares during February.

After buying its stake in February, Barclay said it was considering a full bid but then changed its mind because of the rise in Pratt's shares, which would have meant paying too high a price. Pratt shares have risen up to 125p, closing 6p down at 115p yesterday.

Mr Bentley said yesterday that Barclay had originally hoped to build up a near 30 per cent stake in Pratt and then make a full bid, but had changed its mind because of the rise in Pratt's shares, which would have meant paying too high a price. Pratt shares have risen up to 125p, closing 6p down at 115p yesterday.

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Mr Bentley would not confirm Barclay's exact dealing profit but said: "I think we've got a good value for the holding we sold."

One reason that Barclay's market raid to Pratt was only partly successful is thought to be that Mr Maurice James, a Pratt director, had been buying shares at around the same time. Last month Mr James disclosed the purchase of 115,000 shares bought between 60p and 90p.

The 600 Group, which is paying £845,000 for the 600,000 shares in Pratt, said it is not "the present intention" to bid for Pratt but it wants to keep a substantial shareholding because of commercial links between the two companies, which stretch back over 30 years. Pratt is an exclusive supplier of checks for the 600 Group's central values.

Sir Jack Wellings, 600 Group chairman, said Mr Bentley had contacted the group about the Pratt share Sir Jack said he was happy for Pratt to remain independent, but "you never know what's going to happen tomorrow."

Sir George Cockerell of Coopers and Lybrand, speaking from Hornby, said: "Margate headquarters today said that bid for Hornby would be considered over the weekend and an announcement made on Monday."

Possible rival bidders for the company, which makes the famous Hornby trains and Scalextric track games and equipment, include Tamwade, the company formed by Mr Richard Beecham, Dunbe-Combe-Mars, the former joint managing director, Tamwade has already bought the DCM businesses from the receiver.

Hornby Hobbies has a turnover of approximately £20m. The receiver is believed to have placed a price tag in the region of £12m on the company.

Hornby has continued its operations since the parent company went into receivership and the management syndicate will bid for it as a going concern.

Asked whether the receivers would simply sell Hornby Hobbies to the highest bidder, Mr Cockerell said: "One would normally take that view to start with."

The failure of Dunbe-Combe-Mars came after heavy losses in America and Europe, although the company had been trading profitably in Britain.

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## Directors and staff to bid for Hornby

By Catherine Gunn  
Directors and staff of Hornby Hobbies, backed by a handful of leading financial institutions, will put in a bid for the company today. Offers must be handed in by 4 pm today to Coopers and Lybrand, the receiver of Hornby's parent, Dunbe-Combe-Mars, the toy manufacturer that folded in February 1980 with debts totalling more than £18m.

The three directors behind the bid have the backing of Hornby's 1,200 staff. Mr Karl Muller, the managing director, Mr Keith Dunk, finance director, and Mr Paul Ealey, who sought the advice of financial consultant Gaidhouse just before Christmas.

Gaidhouse, formed six months ago to speculate in semiconductor and stockbroker shares, has been successful in securing the financial support of several institutions for the project. "We have enough to do it," Mr John Walker of Earnings-Hall said yesterday.

Mr George Cockerell of Coopers and Lybrand, speaking from Hornby, said: "Margate headquarters today said that bid for Hornby would be considered over the weekend and an announcement made on Monday."

Possible rival bidders for the company, which makes the famous Hornby trains and Scalextric track games and equipment, include Tamwade, the company formed by Mr Richard Beecham, Dunbe-Combe-Mars, the former joint managing director, Tamwade has already bought the DCM businesses from the receiver.

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## Commodities

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The International Wheat Agreement is likely to be formally extended by two years from July 1 at a special conference to be held in London on Friday, delegates to a special International Wheat Council (IWC) session reported yesterday.

Yesterday afternoon, the IWC agreed that the Wheat Trade Convention should be extended by two years and the Food Aid Committee should make a similar decision on its convention when it meets today.

## Foreign exchange report

To keep its special Lombard facility at 2 percent for the next 12 months, the Bundesbank agreed to a late decline in the deutchmark against the dollar yesterday. Earlier on, the deutchmark had been the strongest currency, but sharp gains at the dollar's expense on the new day may mean that the Bundesbank will have to raise the Lombard facility sharply to support the deutchmark.

The dollar, meanwhile, rose in dollar terms, ended at 75 points

\$2,060 overnight. The pound declined against the dollar, but the dollar was measured by a fall to 98.7 in its trade-weighted index from the overnight calculation of 98.9.

With Eurodollar deposit rates lower and with sentiment unsettled by Tuesday's cuts in United States bank prime rates, the dollar's rise was a surprise. It was against the deutchmark to 2.1355.

**Other**

## Markets

Australia	1.9045-1.9785
Bahrain	0.8345-0.8775
Belgium	8.9870-9.0370
Denmark	115.23-117.25
Hongkong	71.3220-11.6610
Iran	not available
Kuwait	0.6005-0.6065
Malaysia	5.00-5.12
Mexico	51.60-52.10
New Zealand	2.40-2.42
Saudi Arabia	7.4155-7.4455
Singapore	4.6550-4.6850
South Africa	7.7475-1.7555

## Dollar Spot

Rates	
London	1.7130-1.7170
Canada	1.2927-1.2930
Switzerland	2.3900-2.3950
Belgium	34.96-35.05
Denmark	6.6900-6.7000
West German	2.134-2.1370
France	57.05-57.20
Spain	16.75-16.90
Italy	1923-1931
Yugoslavia	5.4105-5.4300
Sweden	5.0200-5.0300
Australia	4.8200-4.8300
Japan	208.45-208.65
India	15.10-15.15
South Africa	1.9400-1.9490

Rates quoted in U.S. currency.

## Money Market

# Rates

Bank of England M.R. 14%  
(Last changed 24/11/89)  
Clearing Banks Base Rate 14%  
Discount Mkt Loans %  
Overnight: High 14      Low 13%  
Week Fixed: 14  
  
Treasury Bills (Dis%)  
Buying                  Selling  
3 months    12%         2 months    11%  
3 months    11%         3 months    10%  
Volume: Bank Bills: Other: Treasury: (Dis%)

## EMS Currency Rates

	ECU current rates	current accounts	% change from current	% change from current adjusted <sup>a</sup>	difference initial plus minus	1 month	2 months	3 months	6 months
Belgian franc	29.7397	14.9860	+4.78	-0.38	1.63	3	10	10	10
Danish krone	7.2336	41.0850	+3.29	+0.21	1.34	3	10	10	10
French franc	6.5596	136.2567	+2.75	+0.35	1.75	3	10	10	10
French CFA franc	3.4700	95.9341	+2.50	+0.00	0.3500 <sup>b</sup>	3	10	10	10
Dutch guilder	2.74362	2.87134	+2.50	-0.00	0.512	3	10	10	10
Irish punt	0.787564	0.686111	+0.66	+0.66	0.0000	3	10	10	10
Italian lira	1.15779	1228.99	+6.13	+2.70	4.08	3	10	10	10

<sup>a</sup> + changes are for the ECU therefore positive change denotes wider currency.

<sup>b</sup> + changes are for sterling's weight in the ECU, and for the lira's wider difference-lira.

document calculated by The Times.

## Gold

1911 calls, 14¢-15¢, seven days,	Gold Standard, \$475.75 (on margin)	1 mo
15¢-16¢, one month, 13¢-15¢,	pin, \$463.50 (cash), \$464.50,	3 mo
three months, 16¢-16½¢, six	Kruggerand (per cent): \$482-485	Fin
months, 16¢-16½¢	(1219.50-1220.75),	3 mo
	Overrings (new): 5117-119 (553.25-54.25),	Fin

## Authorized Units, Insurance & Offshore Funds

[illegible]

هكذا أمر السجمل















